
THE DISAM JOURNAL OF INTERNATIONAL SECURITY ASSISTANCE MANAGEMENT

Before getting into the literary highlights of this Journal, I want to specifically plug our photo contest. As DISAM moved into its new facility, we realized that we had no photos of security assistance/cooperation in action. Thus, we are asking you to help stock our facility with photos that exemplify your mission whether you are a security assistance officer, schoolhouse, logistics or acquisition-centered unit in any facet that can be captured by photo. Please take a few minutes and support this effort to collect examples of our successes. Details immediately follow on the next page!

Our first feature is a series of articles noting the international role of the Naval Inventory Control Point, whose 205 members support both Naval and Air Force programs in 84 countries. We will look at the organization's business plan, the role of the security assistance foreign representatives (SAFRs), and the scope of case program reviews. Later in the Journal "Perspective" Section the Navy International Program Office Deputy Director, Joe Milligan, takes a look at the application of quality standards to foreign military sales.

Secretary of State Powell's comments to the Senate Appropriations Committee regarding the fiscal year 2003 Homeland Security and fiscal year 2002 Supplemental Budget requests kick off the "Legislation and Policy" Section. Policy implications are further explored within excerpts from a Richard Grimmett article published this past August reviewing major arms providers and recipients. The Undersecretary of the Army for Arms Control and International Security, the Honorable John R. Bolton lends insights as to the threat of weapons of mass destruction, especially as they link to terrorist activity.

On the international organization front, U.S. Ambassador to the Organization of American States Roger F. Noriega's comments on the Organization of American States on the Inter-American Democratic Charter and recent/ongoing challenges in Haiti, Venezuela, and Cuba. The Undersecretary for Political Affairs for North Atlantic Treaty Organization Marc Grossman discusses the future of North Atlantic Treaty Organization. Poland's Defense Minister Jerzy Szmajdziński answers questions regarding his country's involvement with the North Atlantic Treaty Organization.

Thomas Molloy examines education and training and the difficulties noted over the year within non-resident English Language Training Programs (ELTPs). This article provides a solid foundation for SAOs, and their hosts, to use in analyzing the pros and cons of their in-country programs. We also review ten years of service by the Defense Institute of International Legal Studies (DIILS) and its over 500 mobile education teams deployed to 83 countries during that period, as well as DISAM's recent mobile education team visits to Bulgaria, Bosnia and Herzegovina. Additionally, you can read about LOR/LOA-PEACE RIEMER as AFSAC practically demonstrated to their commander how requests become cases.

The need for better use of technology is addressed as Greg Marme of USCENTCOM proposes a web-based platform for the Security Assistance Automated Resource Management System. The changing technology has resulted in a recently released International Military Student Pre-Departure Briefing, and now available to training security assistance officers throughout the world read. Read Rick Rempes' article for more of the details.

Take a look in our final pages as Lieutenant General Walters cut the ribbon on our new facility, and helped us celebrate twenty-five years of service to the community. The few photos do not do it justice, but we are proud of our heritage and the new building, both of which are due in large part to your efforts around the world working those issues we try our best to prepare you for. Please do not hesitate to come by and see us if you ever visit Wright-Patterson Air Force Base for any reason, even if it is not for a future DISAM class. We consider this your facility! And again, remember to send us those pictures of you accomplishing the mission!



RONALD H. REYNOLDS
Commandant

DISAM **PHOTO CONTEST**



The Defense Institute of Security Assistance Management is sponsoring a photo contest to capture security assistance/cooperation programs in action. We are searching for photos which best illustrate security assistance/cooperation in any and all aspects. While it may be difficult to depict some areas (i.e. logistics, acquisition, etc.), you may choose to submit in any of the categories listed below. The top entrants in each of the categories will be announced and the pictures, along with a profile of the submitting agency/person, will be published in the Spring edition (2003) of the *DISAM Journal*. Photos may be submitted by organizations or individuals to DISAM/DR (Photo contest), Building 52, 2475 K Street, Wright-Patterson AFB, OH 45433-7641 not later than 15 March 2003. Electronic photos should be submitted on CD in JPEG or TIFF format at a minimum size of 1600 x 1200 pixels to the same address. Due to possible file server space impacts, we cannot accept photos via e-mail. Photos cannot be returned. The winners in each category will not only have their photo displayed in the *Journal*, but will also receive a DISAM logo memento. The photos submitted will also be used to decorate the walls at the new DISAM facility as a reminder to all of the broad range of U.S. International programs.

Photo Contest Categories Capturing Security Assistance in Action:

FMS (i.e. Logistics, Acquisition, etc.)
FMS Training/IMET
International Cooperative Programs
Humanitarian Assistance/Civic Action
Peacekeeping Operations
Security Assistance Office Operations
Army
Navy
Air Force
Marine Corps
Coast Guard
Other Defense Agency Security Assistance (DLA, DCMA, NIMA, COE, etc.)

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Cover Features	1
Captain Thomas E. Steffen, USN, Naval Inventory Control Point “Message from Captain Thomas E. Steffen”	1
Captain Thomas E. Steffen, USN, Naval Inventory Control Point “Navy Inventory Control Point International Programs Business Plan”	3
Ray MacWilliams, Naval Inventory Control Point “Naval Inventory Control Point International Programs Organization and Mission” ..	6
Robert W. Ketchum, Jr., Naval Inventory Control Point International Programs “Security Assistance Foreign Representatives: Customers and Partners”	9
Geraldyn Pero, Naval Inventory Control Point “Department of Navy Foreign Military Sales Case Execution Performance Tool Update: A Tool to Mine Data and Apply Business Rules to Improve Case Execution”	12
Edward Maher, Naval Inventory Control Point “Foreign Military Sales Case Reconciliation Reviews”	14
Legislation and Policy	17
Colin L. Powell, Secretary of State “Fiscal Year 2003 Homeland Security Budget Request and the Fiscal Year 2002 Supplemental”	17
Richard F. Grimmett, Congressional Research Service The Library of Congress “Conventional Arms Transfers to Developing Nations, 1994-2001”	20
Lincoln P. Bloomfield, Jr., Assistant Secretary for Political-Military Affairs “Critical Infrastructure Protection”	86
John R. Bolton, Under Secretary for Arms Control and International Security “Beyond the Axis of Evil: Additional Threats from Weapons of Mass Destruction ..	92
Roger F. Noriega, U.S. Ambassador to the Organization of American States “The Organization of American States and the Democratic Charter”	99
Marc Grossman, Under Secretary for Political Affairs “The Future of North Atlantic Treaty Organization”	104
Douglas J. Feith, Under Secretary of Defense for Policy “North Atlantic Treaty Organization’s Future”	109

Jerzy Szmajdzinski, U.S. Polish Defense Minister “Poland Eager to Embrace New North Atlantic Treaty Organization Relationships”	113
Perspectives	115
Joseph Milligan, Navy International Programs Office “Quality in Government: An Application of Quality Standards to the U.S. Foreign Military Sales Program”	115
Education and Training	125
Thomas Molloy, Defense Language Institute English Language Center “Why Some In-Country English Language Training Programs Do Not Work: What Every Security Assistance Training Officer Should Know”	125
Walter Munroe, Defense Institute of International Legal Studies “Ten Years Later: An Organization Entitled Defense Institute of International Legal Studies Evolves”	131
Greg A. Marme, United States Central Command “Web-Based Security Assistance Automated Resource Management System”	140
Virginia K. Caudill, Defense Institute of Security Assistance Management “Defense Institute of Security Assistance Management Mobile Education Team Travels to Sofia, Bulgaria”	144
Virginia K. Caudill, Defense Institute of Security Assistance Management “Defense Institute of Security Assistance Management Mobile Education Team Travels to Bosnia and Herzegovina”	146
Richard C. Rempes, Defense Institute of Security Assistance Management “International Military Student Pre-Departure Briefing”	149
Lieutenant Colonel Bill Rimpo, USAF, Defense Institute of Security Assistance Management “Foreign Military Sales and the Missile Technology Control Regime: A New Focus For the Future”	155
Community	159
Forrest “Ed” Smith, Defense Institute of Security Assistance Management “Air Force Security Assistance Center Brings the New Commander On-Line: Subtitle: LOA-Peace Reimer”	159
Lieutenant Dana Clay, USN, Defense Institute of Security Assistance Management “The Defense Institute of Security Assistance Management Celebrates Its 25th Anniversary and the Grand Opening of Its New Facilities”	162
Research and Consultation	165

FEATURE ARTICLES

Message from Captain Thomas E. Steffen, SC, USN Deputy Commander for International Programs, Naval Inventory Control Point

I am pleased to introduce a series of articles for this issue's *DISAM Journal* that focus on the role of foreign military sales (FMS) at the Naval Inventory Control Point. FMS has played a vibrant role for the U.S. Navy, helping to forge strategic alliances throughout the world. The role of the Navy in providing support to friendly foreign military forces around the globe goes back some fifty-five years. We have gone from shipping 5,000 tents in support of President Truman's Greek-Turkish Aid Program to today's current business of providing goods and services to eighty-four countries and international organizations in the neighborhood of \$2.2 billion a year. We provide these goods and services by executing FMS cases, essentially contracts between the foreign customer and the U.S. supply system. NAVICP International Programs Directorate (Code OF) serves as the case manager for close to 1,050 FMS cases with a total case value of over \$3.5 billion. In this role, we serve as fiduciary agent to the foreign customer for use of the funds they place on the cases and as secondary support item supplier in providing the required item or part at the best price and at the right time. We process requests for these secondary support items in the neighborhood of \$415 million per year from our FMS customers.



Code OF also serves as support to the other hardware system commands who are case managers for initial weapon system sales for systems under their purview. We provide this support by developing spares packages that accompany the original delivery of the weapon system so that the FMS customer has full use of what was bought for the first three to four years of operation. We provide ongoing support by insuring accuracy of information technology tools that FMS customers and system command (SYSCOM) stakeholders use to manage their business. The overall Navy portfolio that Code OF assists in supporting resides on over 4,600 FMS cases with a total value of \$54.5 billion.

To accomplish this, we have a highly skilled and experienced staff of professionals providing the muscle that satisfies these FMS requirements. NAVICP International Programs consists of about 200 civilians and five Supply Corps officers. It has evolved over the years and is currently about a third of the size it was just ten years ago, but remains the Navy's leading change agent in the FMS arena. As I said earlier, we actively support eighty-four countries, but let me try and put that number into perspective. Within those eighty-four countries we support both the Air Force and Navy. That's 168 supply systems with eighty-four sovereign regulatory bodies! The complexity of mastering this range of customer logistics support systems, then finding ways to have each of these systems efficiently interact with the U.S. Navy's systems, within the

framework of regulatory requirements established by the U.S. and the customer countries, is the essence of our challenge.

The accompanying articles will give you a glance at the international customers whom we deal with, a look at one of our critical support functions in providing ongoing reconciliation of FMS cases, and an overview of some of the changes that we have undertaken to meet the challenges of the new century. We are also giving you a look at our business planning process, which addresses supply system changes as well as the requirements of our other SYSCOM stakeholders.

It is my hope that you will find the articles informative and interesting, but more importantly, I hope you will “feel” the enthusiasm we, at the NAVICP, have for our mission, delivering combat capability to our allies through robust logistics support. Foreign military sales is important to the national strategy, important to the U.S. Navy, and important to the allies who rely on it to maintain their combat readiness in a hostile world. More than that, it is exciting, challenging, meaningful, and ripe for change, and it is in this environment that the folks of NAVICP-OF thrive. As I depart and turn over the reins of ICP OF to Captain Doug Sweeney, I am proud to bring you their story. For more information, contact any of the authors of the articles or log onto our website at www.navicp.navy.mil/of/ofhome.html.

Thomas E. Steffen

Navy Inventory Control Point International Programs Business Plan

By

**Captain Thomas E. Steffen, SC, USN
Naval Inventory Control Point, Philadelphia, Pennsylvania and
Naval Supply Systems Command, Mechanicsburg, Pennsylvania**

The International Programs Directorate at the Naval Inventory Control Point (NAVICP-OF) serves as the Security Assistance Directorate at the Naval Supply Systems Command (NAVSUP 07) and operates in three different, but complementary, environments: supply chain management and secondary item support, foreign military sales, and weapons system management. Recognizing our position in these environments, NAVICP-OF/NAVSUP 07 has developed a strategic business plan that serves our constituencies, using touchstones that keep us focused on the main thing, delivering combat capability, through robust logistics support, to our allies.

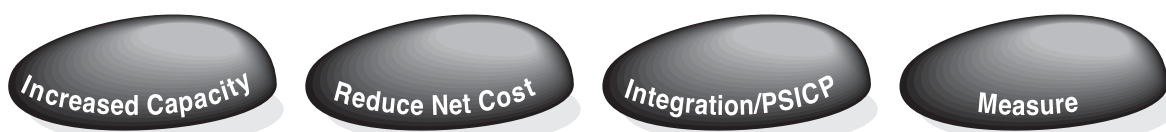
NAVICP-OF/NAVSUP 07 serves primarily as the Navy's International Logistics Control Office (ILCO). An ILCO's fundamental responsibility is to act as a liaison between the service's logistics system and the logistics systems of customer countries. Integration of these ILCO functions within the NAVICP brings to bear an impressive array of supply chain management, weapons system management, and secondary item support expertise.

With respect to its programmatic foreign military sales (FMS) role, NAVICP-OF/NAVSUP 07 develops secondary item support policy, manages secondary item support cases, and maintains a balanced financial and material portfolio of Navy FMS cases with a value in excess of \$45 billion. In this programmatic role, NAVICP-OF/NAVSUP 07 is responsible for achieving the Navy International Programs Office (NAVIPO) and the Defense Security Cooperation Agency's (DSCA) vision for improved international support.

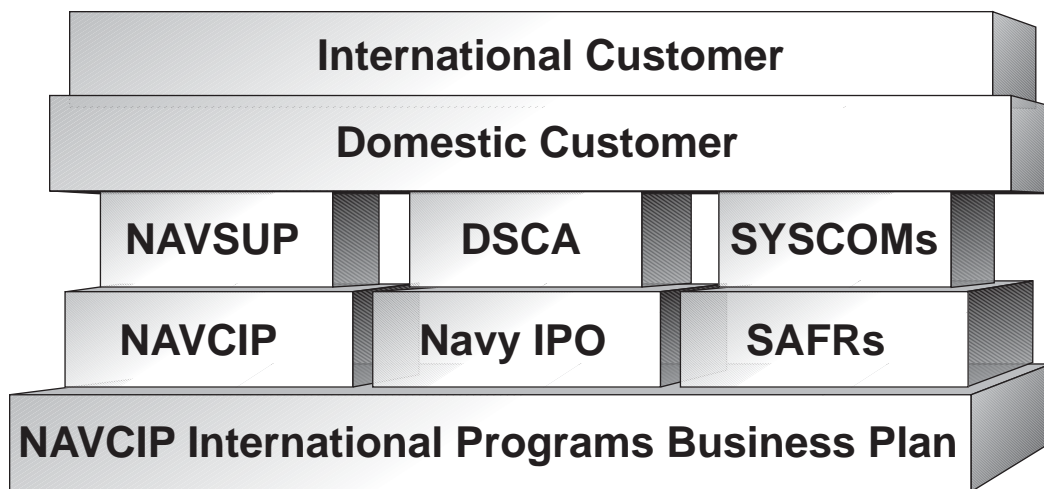
As home to resident security assistance foreign officers (SAFRs) from eighteen different countries and given the Integrated Logistics System (ILS) and weapons system support mission of the ICP, there is a driving responsibility to help both these constituencies achieve their goals of improved and tailored support with greater efficiency and reduced total ownership cost.

It is with these interests in mind, that NAVSUP 07/NAVICP-OF 07 Strategic Business Plan was developed, a plan that seeks to establish a cohesive path to achieving the vision and interests of these different, but related, constituencies by leveraging NAVICP-OF talent, expertise, relationships, and resources. The intent is to recognize, prioritize and resource an optimal mix of initiatives; give each employee a clear understanding of the organization's interests and their role in achieving them; and demonstrate to our various sponsors and customers exactly how we are committed to their success.

Touchstones:



There was a time when touchstones were used to determine the purity of gold or silver by the color of the streak that was left after rubbing the piece of gold or silver across its black, flint-like surface. Today it is a term that applies to any test that can be used to confirm the genuineness of a thing. For the NAVICP/NAVSUP 07 Strategic Business Plan, we picked four touchstones: expand the business base, reduce net cost, integrate, and measure. Every initiative we pursue must move us closer to one or more of these touchstones. Many of the initiatives support more than one touchstone, all other things remaining equal, increased throughput also results in reduced net cost per item.



The use of touchstones gives everyone a simple but quantifiable point of reference. It also significantly reduces the risk that two or more objectives have conflicting goals that might cancel the benefits of each during implementation. Once an initiative meets the touchstone test, it is evaluated on its support to our constituencies' strategic plans. After passing these two steps, the initiative becomes designated an objective and a NAVICP-OF "owner" is assigned. The objective owner then develops an approach, methodology, and identifies the resources necessary to support an aggressive implementing action plan. Finally, senior management within NAVICP-OF evaluates each of the objectives, aligns resources or eliminates objectives where resources have been fully allocated, and prioritizes the objectives that remain.

The "Expand Business Base" category focuses on secondary item support with the goal to increase throughput in terms of productivity, capacity, range, depth, value, and/or utility. The military, both domestic and international, seeks to increase capability, that is what "Expand Business Base" delivers.

Every business seeks to release constraints to productivity or throughput. Doing so increases capacity through efficiencies and increased capacity releases resources that can be devoted to additional workload. Objectives include Dual Track (Hybrid/FMS Express), Repairable Item Replacement Option, Worldwide Redistribution Services, Repair Services, Follow-On Technical Support, Customer ADP, FMS Market Pricing, Integrated Logistics and Financial Management Services, and NAVICP/DFAS (Defense Finance and Accounting Service) Partnership.

The "Reduce Net Cost" category leverages NAVICP-OF expertise in establishing best business practices to sustain or improve the range and depth of support services in an environment of steady or declining resources, efficiencies deliver more power per dollar. International

customers, seeking to improve their combat readiness and capability, are able to buy more support without increasing their investment level.

On the process side of the equation, efficiencies produce savings that can be invested in further improvements. The objectives within this category are FAS2000/PROS II (Commercial Buying Services), Case Execution, Online Capability, Data Integrity, Customer Training, Performance Based Budgeting System, and Employee Development.

The objectives within the “Integration/PSICP” category strive to eliminate artificial barriers between domestic and international support processes, to the mutual benefit of the Navy and our international customers. Many of the barriers between domestic and international support are more perceived than real and artificial barriers must be removed. Many barriers were created as process controls information technology can deliver the same control without convoluting the process. The objectives being pursued are back orders against direct requisitioning procedures cases (BB/DRP), cooperative logistics supply support arrangement investment, repair reporting, performance based logistics, allowance development, and enterprise resource planning.

The final category, “Metrics,” relates to the total business plan and is the measurement of the output and outcome of each objective. There are four reasons to measure and develop meaningful metrics. First, you need to understand and measure the process to identify opportunities for improvement. Second, you need to be able to measure the impact of your initiatives—were the intended results achieved? Third, you need measure performance from an internal, customer and stakeholder perspective. Finally, it is a proven fact that people play harder when you keep score. With this in mind, NAVICP-OF will deliver performance measures to the customer with “drill-down” capability, use activity based costing to measure and identify opportunities to improve the FMS process, and will support the NAVIPO initiative to use available information to track the timeliness and value of case execution. The metrics packages will be web enabled through the NAVICP International Programs Directorate website to provide global visibility to our customers and stakeholders.

The future of Navy FMS lies within the NAVICP-OF Business Plan. The plan is innovative, structured, goal oriented, and aggressive. It applies sound business principles and takes maximum advantage of the legacy talent within NAVICP to deliver improved combat capability to our international customers. It embraces the future and challenges traditional notions of foreign military sales. NAVICP-OF will not be successful in every initiative, but we will win more than we lose and continue to be the Navy’s premier site for FMS expertise, management excellence, and innovation.

For more detailed information about the NAVICP Code OF business plan, to review the FMS E-business suite, or to find links to other important FMS websites, visit us at <http://www.navicp.navy.mil/of/ofhome.html>.

About the Author

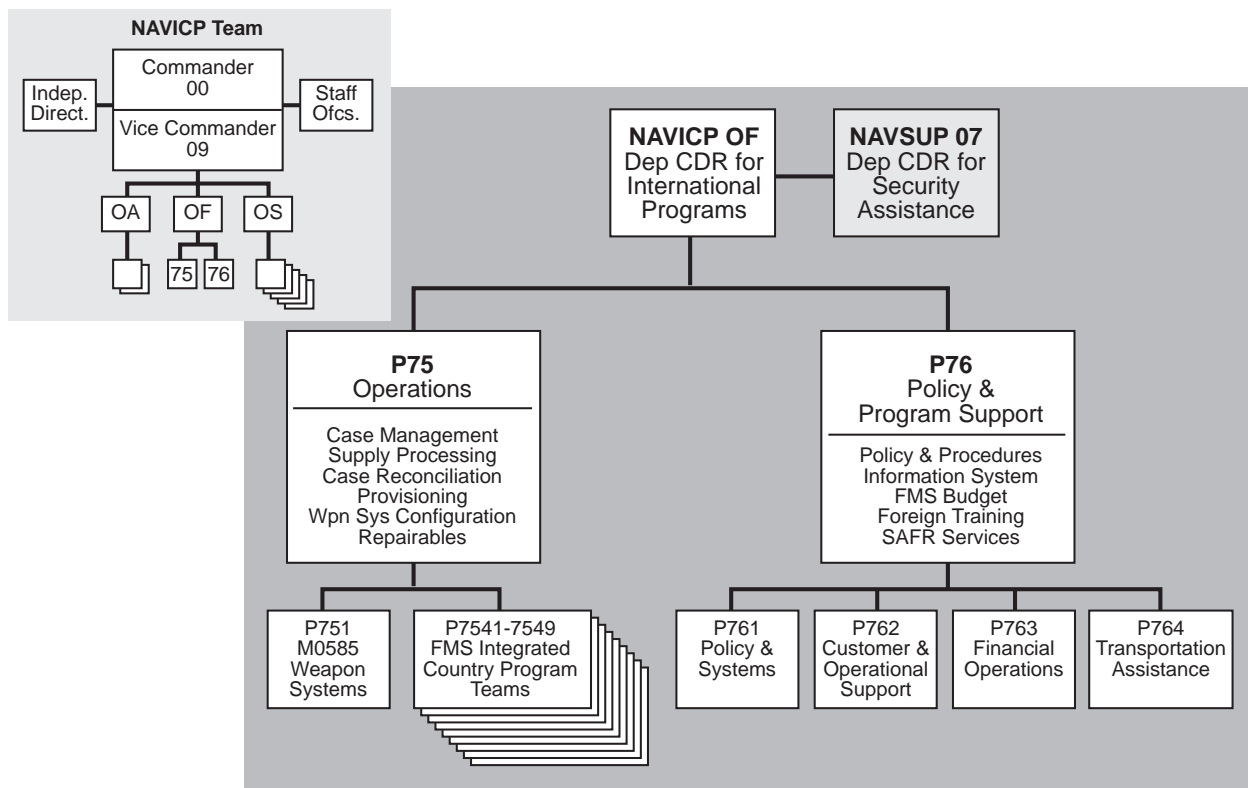
Captain Tom Steffen’s recent tours have been as Commander, Naval Support Activity, Mechanicsburg and Philadelphia, Pennsylvania, and in the Office of Chief of Naval Operations.

Naval Inventory Control Point International Programs Organization and Mission

By

Ray MacWilliams
Navy Inventory Control Point

The Naval Inventory Control Point (NAVICP) International Programs Directorate Organization is led by Captain Tom Steffen who is dual hatted as both Naval Inventory Control Point (NAVICP-OF) Deputy Commander for International Programs and Naval Supply Systems Command (NAVSUP 07) Deputy Commander for Security Assistance. Under Captain Steffen and his deputy, Mr. Rich Bennis, Assistant Deputy Commander for International Programs (NAVICP-OFA), are two major directorates, the foreign military sales (FMS) Operations Directorate, Code P75 and the Foreign Military Sales Policy and Program Support Directorate, Code P76.



The FMS Operations Directorate, Code P75 has two departments, the Aviation Department, Code P751, and the Integrated Country Program Team Department, Code P754. The FMS Operations Directorate also has a matrix relationship with the International Programs Division (Code M0585) of the Ships Support Directorate.

P751: The Aviation Department supports the Naval Air Systems Command (NAVAIR) in the development and execution of major FMS aircraft programs. This is accomplished by producing tailored initial support allowance lists and by supplying the required spare parts. The department processes FMS customer requisitions for NAVICP cognizance material for follow-on support for

thirty-five countries with 2405 aircraft and processes the repair of repairables (ROR) transactions to fix not-ready-for-issue (NRFI) material and return the units to the FMS customer.

P754: The Integrated Country Program Team Department, within the NAVICP International Programs FMS Operations Directorate, provides customer service and supply support for FMS cases to one hundred and sixty customer countries. Code 754 manages FMS cases for weapon system follow-on support (e.g. Direct Requisitioning Procedures, CLSSA and ROR) and is responsible to the major hardware system commands (SYSCOMs), such as NAVAIR and Naval Sea Systems Command (NAVSEA). Case execution may include such support as requisition processing, material follow-ups, supply discrepancy report (SDR) tracking, and customer liaison services between the foreign military customer and the U.S. Navy supply system.

M0585: The International Programs Division of the Ships Support Directorate designs and develops optimal material support strategies for ship-related weapon systems in use by international customers of the U.S. Navy. Functions performed include:

- Weapon system configuration management;
- Provisioning;
- Allowance determination;
- Requisition processing;
- Repairables management.

Code P76 has four departments:

- Policy and Systems Department, P761;
- Customer and Operational Support Department, P762;
- Financial Operations, P763;
- Transportation Department, P764.

P761: The Policy and Systems Department is responsible for the interpretation of U.S. law, and Secretary of the Navy (SECNAV) and Department of Defense policies and procedures, which support security assistance business processes. Code P761 also identifies, designs and develops information systems applications for the Navy's FMS program. P761 provides formal training for other OF components, as well as for NAVAIR, NAVSEA, Defense Financial and Accounting Service (DFAS), responsible for the execution of FMS cases.

P762: The Customer and Operational Support Department is responsible for supporting the needs of Code OF's security assistance foreign representatives including contracting support, office supply management, billing services, and procurement. P762 is also the activity control point for the coordination of the Foreign Military Training Program, this includes the International Military Student Officer training program and its associated budget and logistical requirements. This department also provides the management and oversight of the Code OF Field Liaison and very important people visitor arrangements. This includes coordination of all country clearances, passport and visa requirements, lodging, and escort services.

P763: The Financial Operations Department is Code OF's business office. One of the primary functions of this organization is to manage funds control for the organization. This includes the control and execution of administrative and case funds as well as Military Articles and Service Lists (MASL) and integrated product (IP) funding. P763 is also the focal point for Code OF's Activity Based Costing (ABC) effort. This initiative will provide Code OF with management data which will provide greater funds control. Other P763 functions include Audit

and Inspector General liaison, case closure certificate issuance, invoice certification, and contract obligation posting.

P764: The Transportation Department serves as the technical advisor for the physical distribution of material in connection with the FMS programs. P764 also provides transportation expedite services to FMS customers where required. P764 has been instrumental in the deployment of new automated shipment tracking systems which give greater visibility to in transit material for both customer and shipper greatly reducing the amount of lost or delayed deliveries.

The NAVICP International Programs Directorate organizational structure maintains the country program focus, specific case focus, and a weapon system/platform focus that are integral to the security assistance mission. The streamlined organizational design enables the NAVICP International Programs Directorate to maintain mission capability in an austere funding environment as well as improve service to both internal and external customers.

About the Author

Ray MacWilliams is the Deputy Director of the FMS Operations Directorate in the Naval Inventory Control Point, International Programs Directorate. He has been with the organization since it stood up in October 1996, and with the Naval Inventory Control Point/Aviation Supply Office since September 1979. Ray earned a Bachelor's Degree in political science from Saint Joseph's University and an MBA from LaSalle University, both of Philadelphia.

Security Assistance Foreign Representatives: Customers and Partners

By

**Robert W. Ketchum, Jr.
Naval Inventory Control Point International Programs**

A select group of individuals work out of twenty-four separate offices on the Naval Inventory Control Point's (NAVICP) Mechanicsburg and Philadelphia campuses. They do not wear U.S. Navy uniforms. Their accents suggest distant shores to the ears of casual listeners. They work and play very hard and they are very, very good at what they do. They are our customers and partners in the enterprise known as foreign military sales (FMS); they are security assistance foreign representatives (SAFRs) assigned to the NAVICP.

A SAFR is a fully accredited member of a foreign military or defense establishment tasked with representing that government's official business with the United States Navy. The vast majority of them are military officers and they range in rank from Chief Petty Officer to Flag Officer. Their postings at the NAVICP will vary from two to four years. They are, first and foremost, officially tasked with serving the needs of their respective governments.

There is almost a forty-year legacy of foreign representatives at Naval Supply Systems Command field activities. The Italian Navy established the first SAFR office in 1962 in Bayonne, New Jersey, where the predecessor to the Deputy Commander for International Programs of the NAVICP (Code OF) was located. Over those forty years, twenty-six countries have established SAFR offices. The eighteen international customers with SAFR offices at NAVICP constitute the largest and most active customers of the Navy's FMS program. These facts speak to their impact:

- The Navy FMS Management Information System for International Logistics (MISIL) caseload has a total value of \$42.5B; SAFR countries have MISIL cases with a total value of \$31.8B.
- NAVICP managed FMS cases have a total net case value of \$3.3B, SAFR countries have cases with a total net case value of \$3.0B.
- Through the first three quarters of fiscal year 2001, FMS customers worldwide registered \$855M in transactions on MISIL; SAFR countries accounted for \$702M of that total.

All SAFR offices focus on logistics aspects of FMS cases assigned to NAVICP; the location and monitoring of secondary item delivery is their bedrock responsibility. Some may also have financial management responsibilities for these cases. SAFR offices with a logistics-only mission rely upon their embassies for financial management. Thus, most SAFRs have extensive experience as logisticians prior to their posting. Senior SAFRs typically have over twenty years logistics experience in their own military prior to selection. SAFR selection is no small matter for their government; in most cases the final selecting official is a flag level officer.

More than representatives of their governments, SAFRs serve as linchpins between their military and defense systems and the U.S. supply system. They arrive as the experts on their system and processes and they must quickly become familiar with the U.S. system. Eventually they serve as the bridge between both systems, explaining their system to our FMS personnel and, in turn, explaining the U.S. system to their countrymen. They stay vigilant to changes to the U.S. system as, what might seem minor changes to us could have major ramifications to them. They

host very important visitors from their countries and play key roles in case reconciliation reviews that are conducted to ensure currency and accuracy of FMS case records.

Almost to a person, SAFRs acknowledge that the NAVICP International Program Directorate Team, composed of program analysts, weapon systems experts, and repair specialists, supporting the Code OF FMS case managers, constitutes the major resource in helping the SAFRs perform their duties. The teams go beyond case management and supply processing support by familiarizing the SAFR with our system and introducing them to people who provide services that lay outside NAVICP control. SAFRs will readily suggest that if they had one piece of advice to offer their replacements it would be to get to know their Code OF integrated program country team early on in their tours. The respect SAFRs show their country teams is returned in kind by those teams. It is a commonly voiced sentiment among the teams that SAFRs are invaluable resources, able to bridge cultural and language gaps at all levels. Returning SAFRs have long term, beneficial impact on FMS processes by applying the lessons learned during their tours when they resume working back in-country, saving time and money for all concerned.



May 2001 group photo of SAFRs with RADM Mike Finley, Commander, NAVICP and CAPT Tom Steffen, Deputy Commander for International Programs, NAVICP.

Code OF recognizes that new SAFRs have needs beyond business requirements. SAFRs are normally accompanied by their families. Upon arrival they face some fairly basic but critical issues: finding a place to live, establishing bank and credit card accounts, obtaining a driver's license, getting kids into school, etc. Perhaps transparent to U.S. citizens, these issues can be daunting to a newly arrived foreigner. The SAFR Support Group (Code 762) assists the new arrivals in acclimating to life in the U.S., addressing the full range of quality of life issues, enabling the SAFR to focus on what his country sent him here to do. The SAFR community is universally appreciative of the services provided. The excellence of this unique service has been

recognized on our side through award of a Hammer Tool Kit for providing “innovative and effective services”.

SAFRs work closely with their colleagues at the NAVICP. At times, they find problems they are dealing with on their program may be a common one shared across a number of weapon system platforms and customer countries. An effective vehicle used to report problems to U.S. authorities is a series of regular SAFR meetings with NAVICP management. Chaired by Code OF, these quarterly meetings deal with the full range of supply processing issues and problems experienced by the international customer. The U.S. side benefits from gaining visibility of problems early enough so that quick and effective action can be taken.

SAFR participation in improving processes is not confined to the NAVICP. They have played key roles in reinvention initiatives sponsored by Navy International Programs Office and Defense Security Cooperation Agency. The SAFR community has proven a rich recruiting source for international customer participation on teams that developed the Dual Track initiative, and are developing alternatives to current stock investment arrangements as well as changes to information systems which support FMS programs.

They become enthusiastic members of the international community, forming life-long friendships, participating in the full range of social activities open to them. Whether it is playing golf, participating in NAVSUP-sponsored social activities, or challenging U.S. officers in a free-spirited football (we call it soccer) match there is a kinship and bond that builds up among this group of professionals. They host a round robin series of luncheons with their colleagues featuring distinctive cuisine of their homelands. And at year's end, one of the most sought after invitations is to the SAFR-hosted Holiday Party where they prepare favorite dishes to be sampled and savored.

While they are in the U.S., they take advantage of the opportunity to travel the length and breadth of the country. Starting out slowly, with a business trip here or there, they quickly gain an appetite to see more of what this country has to offer. By the time their tour has ended, it is not unusual for SAFRs to report having visited over thirty states. Indeed, one recent departing SAFR managed forty-nine out of fifty states during his three-year tour. They bestow unqualified praise for the richness and natural beauty of America and the warmth and diversity of its people.

SAFRs come to us first as our customers. They quickly become our partners in the enterprise of FMS. By the time we part company, we do so as friends. It would be hard to imagine life at the NAVICP without them.

About the Author

Robert W. Ketchum, Jr. is a Management Analyst with the Policy and Systems Department of Code OF. He has worked in foreign military sales within Naval Supply System Command's field activities for twenty-four years.

Department of Navy Foreign Military Sales Case Execution Performance Tool (CEPT) Update: A Tool to Mine Data and Apply Business Rules to Improve Case Execution

By

**Geralyn Pero
Naval Inventory Control Point**

The Case Execution Performance Tool (CEPT) is a new tool for Department of the Navy (DoN) foreign military sales (FMS) case managers (CM) to assist them in the management of financial, logistics and closure data. It acts as a “warning system” when things go off track during the case lifecycle.

Data associated with FMS cases resides in a multitude of “official” accounting and financial systems, e.g., Management Information System for International Logistics (MISIL), Standard Accounting and Reporting System (STARS), Defense Integrated Financial System (DIFS), as well as in local databases, commonly referred to as “shoebox” records. All of the financial and logistics data in these systems must agree for the case to be placed in a closed status. This creates the need for multiple reconciliations to determine the true status of a case. While delivering the goods and services is of paramount importance, maintaining the data associated with these transactions is of equal importance if the case is to be closed out in a timely manner. Because of the effort involved with bringing the data into agreement, reconciliation is often put off until the FMS case materials and services are fully delivered. This delay causes an inefficient and cumbersome closure process. Also, case closure is one of the top priorities for the international customer. Failure to close cases in a timely manner ties up residual balances that could potentially be used for future sales.

To assist the case managers in effectively managing case data throughout the case lifecycle, the Navy International Programs Office (Navy IPO), with the assistance of the Navy Inventory Control Point (NAVICP), has continued development and implementation of the Case Execution Performance Tool (CEPT). The CEPT combines the data from these disparate systems and provides a view of the case all in one place thereby enabling the CM to ascertain the status of his/her case at any given point in time.

The CEPT is built on the financial, logistics and closure data resident in the information warehouse maintained by the NAVICP. Information warehouse is a repository for MISIL and STARS data. In the near future, DIFS data will also be available. CEPT takes this data and processes it against various business rules that indicate if the FMS case is on track from a logistics, financial and closure perspective. Violation of any one or a combination of rules will cause a case to be colored “red”, indicating serious problems that need immediate action, “yellow”, indicating less serious problems that require attention and possible action or “green”, representing no business rule violations. The tool facilitates the generation of a multitude of reports providing insight into trends and the analysis of business processes and case management effectiveness. At the click of a mouse, Case Managers can view all of their cases and see where their limited resources would be best applied. Quick identification and problem resolution improves FMS case management and provides better service to our customers.

The CEPT is fully web-enabled and accessible via the NAVICP-OF website. Its functionality as an effective tool has already been recognized as worthy of consideration for the Case Execution

Management Information System (CEMIS), a tri-service case management system being developed under the direction of the Defense Security Cooperation Agency (DSCA).

Navy IPO and NAVICP are currently in the process of training the Navy security assistance community along with our Defense Finance and Accounting System counterparts in preparation for formal implementation by Navy IPO in July 2002 with reporting starting in October 2002. By then, through effective use of its built-in warning system, CEPT will be a primary source for viewing, resolving and preventing data related problems. Implementation of CEPT and the enhanced focus on the integrity of case data, responds to one of our international customers' top priorities. Additionally we will gain the additional benefit of a more efficient use of our resources by converting the long closure process into an event.

About the Author

Geralyn Pero currently works on the Operations Staff of the Naval Inventory Control Point, International Programs Directorate. She has been with the directorate since October 1996. Prior to that, she spent thirteen years in Washington, D.C. with Strategic Systems Programs headquarters for the joint U.S. and U.K. Trident Weapon System program. She began her career with the Aviation Supply Office in Philadelphia. Geralyn has a B.S. from Penn State University and an M.B.A. from Virginia Tech.

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Foreign Military Sales Case Reconciliation Reviews

By

Edward Maher
Naval Inventory Control Point International Programs

Anytime you can sit down with your customers and provide them with a thorough financial and logistics review of their entire portfolio of cases, you have established a powerful bond. For both the U.S. team and the foreign customer, it is an opportunity to evaluate performance from the preceding year, set support priorities for the coming year, and establish a personal relationship among program representatives. It is also an ideal opportunity to exchange information that is pertinent to future support, whether it be changes in logistics support techniques by the U.S. Navy or organizational and financial changes in the international customer's service. The case reconciliation review (CRR), after a great deal of preparation, coordination, and negotiation, is the venue that delivers this and more. The following is a brief overview of the CRR process.

Introduction

Management reviews have been used to manage foreign military sales (FMS) cases since the inception of the program. Foreign military sales case reconciliation reviews (CRRs) are meetings that are hosted by the Navy International Programs Office (Navy IPO) and are normally held at the Naval Inventory Control Point, International Programs (NAVICP-OF) in Philadelphia, Pennsylvania. NAVICP is designated the executive agent to conduct CRRs on behalf of Navy IPO. CRRs held in Philadelphia, Pennsylvania and overseas are co-chaired by NAVICP and the customer. Initially called implementation reviews or case management reviews, the name was changed to case reconciliation reviews in 1992 to more accurately reflect the primary focus on record reconciliation. The U. S. Navy conducts CRR meetings for customer countries when the volume of a country's FMS activity warrants it. During these meetings, representatives from the customer country along with the U. S. Navy team conduct a line-by-line review of previously determined FMS cases. The U. S. Navy team consists of representatives from Navy IPO, NAVICP-OF, the systems commands, and other defense agencies as necessary. The CRR meeting provides a valuable forum for the customer country to evaluate and comment on the execution of their FMS program.

The scope of the CRR is limited to reconciliation of supply and financial records for FMS cases managed in both the Management Information System for International Logistics (MISIL). Standard Accounting and Reporting System (STARS) and related supply and financial management issues. International customers are offered the opportunity to specify the cases they desire to review, as well as the opportunity to review all of their cases within the above scope. Other issues proposed by the FMS customer, such as program management matters, are referred to Navy IPO for resolution in advance of the CRR. Detailed minutes of the meeting are prepared and forwarded to all participants.

CRR Scheduling

Navy IPO centrally coordinates the annual schedule of CRRs with customer countries, U. S. Navy and other applicable Department of Defense organizational elements. Each country whose volume of FMS business warrants it will be scheduled for a review. Due to the diversity and number of FMS cases, it is not practical to attempt to review all FMS programs for all countries. Therefore, when there is only a small amount of business conducted with a country during a given

fiscal year, a case reconciliation review may not be scheduled for that country. Twenty to twenty-five CRRs are conducted each year with the military services of international customers.

In June of each year NAVICP-OF provides Navy IPO with a proposed schedule for the next calendar year's case reconciliation reviews. Navy IPO issues a new CRR schedule in August of each year. The Navy IPO coordinates the review schedule with FMS customer countries, U. S. Navy activities and any other Department of Defense organizations that may be needed at the review. Once established, this schedule will be strictly followed. Changes will be considered only if they will not disrupt the overall schedule. All change requests must be coordinated with the Navy IPO.

Following was the CRR Schedule for Fiscal Year 2002:

Fiscal Year 2002 Case Reconciliation Review			
<u>Country</u>	<u>Customer Service</u>	<u>Date</u>	<u>Location</u>
Greece	Navy	23-25 Oct 2001	NAVICP Philadelphia
Italy	Navy	30 Oct-1 Nov 2001	NAVICP Philadelphia
Korea	Navy	5-6 Nov 2001	NAVICP Philadelphia
United Kingdom	Navy and Air Force	6-8 Nov 2001	NAVICP Philadelphia
Norway	Air Force	27-28 Nov 2001	NAVICP Philadelphia
Brazil	Navy	5-7 Feb 2002	NAVICP Philadelphia
Spain	Air Force	15-17 Apr 2002	NAVICP Philadelphia
Spain	Navy	(TBD) Apr-May 2001	NAVICP Philadelphia
Egypt	Air Force	22-25 Apr 2001	NAVICP Philadelphia
Egypt	Navy	29 Apr-4 May 2002	NAVICP Philadelphia
Australia	Air Force and Navy	29 Apr-2 May 2002	NAVICP Philadelphia
Israel	Navy and Air Force	29 Apr-3 May 2002	Israel
Greece	Air Force	7-9 May 2002	NAVICP Philadelphia
Canada	Canadian Forces	7-9 May 2002	NAVICP Philadelphia
Turkey	Navy and Army	13-17 May 2002	NAVICP Philadelphia
Turkey	Air Force	22 May 2002	NAVICP Philadelphia
Germany	Navy and Air Force	(TBD) June 2002	Germany
Japan	JDA	Jun 2002 with FMR(18-22 Jun)	DSCA
Kuwait	Air Force	3-6 Sep 2002	NAVICP Philadelphia
Netherlands	Navy	(TBD) Sep 2002	NAVICP Philadelphia

CRR Preparation Timeline

NAVICP-OF sends a letter of invitation to each customer country included on the review schedule at least sixteen weeks prior to the date of the CRR. This letter tells the customer the date and location of the review, provides a proposed agenda, and invites the customer country to send representatives.

Customer countries must inform NAVICP-OF whether they want to review all FMS cases or only specifically identified cases during the CRR meeting. Specific agenda items that the customer wishes to discuss should also be identified. This information must be sent to NAVICP-OF at least twelve weeks before the meeting is scheduled to begin.

NAVICP-OF advises CRR participants of the cases and issues selected for review ten weeks prior to the CRR and requests the participants provide updated information.

Six weeks prior to the CRR, participants provide updated FMS case financial and supply information to NAVICP. NAVICP assembles this data for presentation at the CRR.

Four weeks prior to each review NAVICP will conduct a pre-CRR meeting. This is the final opportunity for case managers to provide NAVICP with updated case information. Briefings to be given at the CRR will be approved at this meeting. This meeting is normally conducted in person however, an “electronic meeting” may be conducted or the meeting may be waived in its entirety by the Navy IPO Country Program Director.

Within two weeks after completion of the CRR, NAVICP-OF will publish the minutes of the review. Organizations assigned actions during the CRR provide NAVICP-OF with updated information on these actions until each is completed. NAVICP-OF publishes updates to the minutes on a quarterly basis, until all action items are complete.

Conclusion

Case reconciliation reviews focus on high profile weapon system cases, supply active cases, cases specifically requested by the customer, or cases entering the final closure process. It is an opportunity to “balance the customers’ checkbooks” while the checks are still being written. From the domestic Navy side, CRRs are attended by personnel from Navy IPO, various systems commands, DFAS, and other DOD activities which support specific FMS programs. Members of the diplomatic corps or of flag rank may head attending teams from the individual countries.

About the Author

Ed Maher is the Director of the Integrated Country Program Team Department in the Naval Inventory Control Point, International Programs Directorate. He has been with this organization since it stood up in October 1996 and with the U. S. Navy International Logistics Control Office from September 1974 until its decommissioning in September 1996. Ed is a graduate of Manhattan College and holds a Bachelor of Arts degree in economics.

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LEGISLATION AND POLICY

Fiscal Year 2003 Homeland Security Budget Request and the Fiscal Year 2002 Supplemental

By

**Colin L. Powell
Secretary of State**

[The following is a reprint of Colin Powell's testimony before the Senate Appropriations Committee, Washington, DC, April 30, 2002]

Mr. Chairman, members of the committee, I am pleased to appear before you to testify in support of President Bush's budget request for the Department of State for fiscal year (FY) 2003 and his supplemental request for FY 2002 as those two requests pertain to the mission of homeland security. And, as you specifically asked for, Mr. Chairman, I will also give you an overview of the entire FY 2002 supplemental request for the Department of State and for foreign operations.

This is my ninth budget hearing in three months, so I am averaging three per month. From that record, Mr. Chairman, you can readily see that I believe these exchanges with the people's representatives are very important. The Department of State wants to make certain that this committee, and others with funding responsibilities, have the best information possible upon which to make their important dollar decisions.

President Bush recognizes the need of the Congress to receive information regarding the homeland security activities of federal departments and agencies. Moreover, the Administration shares your view, Mr. Chairman, that it is essential for federal, state, and local governments to work together closely as part of the significant national effort to defend the United States and the American people.

The Administration also recognizes that the country faces significant challenges regarding homeland security and that it will take the cooperation of both the legislative and the executive branches working together to meet them. In that regard, the Administration is committed to ensuring that you and the Congress receive the appropriate information on what we are doing to improve, enhance, and ensure the protection of our homeland.

With respect to homeland security, our role at the Department of State is not as large as that of some of our fellow departments such as the Department of Defense or the Department of Transportation. But we do have a vital role to play.

The Department of State is involved in protecting the homeland in two key areas: first, our Border Security Program and, second, the physical security of certain government facilities and employees in the United States.

Let me show you how the dollars are lined up against these two areas in the President's FY 2003 Budget Request, and then I will turn to his Supplemental Request for FY 2002 and do the same.

Mr. Chairman, for homeland security there are \$749.1 million in the FY 2003 request. These dollars include:

- \$643 million for the Machine Readable Visa (MRV) Fee-Funded Border Security Program, which provides the technology backbone, personnel, and support, needed to carry out consular and border security functions. Major initiatives funded within the FY 2003 program include expansion of the Consular Consolidated Database and faster exchange of information on visa applications, strengthening passport and visa document security, and increasing passport and visa processing capability. We also welcome the opportunity to participate in the Office of Homeland Security's efforts to determine how biometrics can be employed to enhance border security and to make movement easier for legitimate travelers.

- \$104 million is for antiterrorism and domestic security initiatives and activities funded through Diplomatic and Consular Programs. Domestic initiatives include state-of-the art access control systems, off-site delivery inspections, emergency public address systems to facilitate warnings and evacuations, a chemical/biological program, and enhanced explosive ordnance disposal protocols.

- And finally, \$2.1 million is for protection of USAID domestic facilities.

Mr. Chairman, let me now turn to the full FY 2002 Supplemental Request.

But before I do that, let me tell you how grateful we are at the Department of State for the efforts of this committee and the House Appropriations Committee to get us the almost \$1.8 billion in crucial Emergency Response Fund funding to address the immediate post-September 11, 2001 needs. That was just the start though.

We are asking for \$1.6 billion supplemental funding for FY 2002. This amount includes \$322 million for the Department of State and \$7.4 million for the Broadcasting Board of Governors. These dollars will address emergent building and operating requirements that have arisen as a result of the September 11, 2001 terrorist attacks, including reopening our mission in Kabul, Afghanistan; reestablishing an official presence in Dushanbe, Tajikistan; increasing security and personnel protection at home and abroad; and augmenting our broadcasting activities in Afghanistan.

That leaves about \$1.3 billion for foreign operations. These funds are primarily aimed at Front Line States (FLS) to:

- Deter and prevent acts of international terrorism;
- Provide vitally needed military equipment, training and economic assistance;
- Expand respect for human rights and judicial reform;
- Provide a significant and immediate impact on displaced persons;
- Support civilian reintegration of former combatants and reestablish law enforcement and criminal justice systems;
- Provide economic and democracy assistance, including help with political development, health care, irrigation and water management, media development, community building and infrastructure improvements, enterprise development, and economic and civil society reform.

The supplemental request I have just outlined includes \$47.2 million for programs that relate to homeland security. \$22.2 million is for:

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- Diplomatic and Consular Programs to fund mail decontamination and safety requirements;
 - Domestic chemical and biological weapons defense requirements;
 - Increased domestic guard requirements;
 - And dollars for the Capital Investment Fund to expand State Department's presence on the Defense Department's secure SIPRNET/INTELINK computer network.

The remaining \$25 million is for programs that will allow us to work with Mexico to help that country make urgent infrastructure upgrades to achieve U.S. security objectives. These upgrades include:

- Developing information-sharing systems on passengers and goods;
- Establishing a non-intrusive inspection capability;
- Augmenting training and communications equipment for Mexican law enforcement agencies;
- Creating additional SENTRI lanes in high-volume ports of entry;
- And conducting a bi-national study of border management systems, processes, and procedures.

In addition, as a part of our request for supplemental funding in FY 2002, we have asked for legislative authority in two areas:

First, authority that will facilitate the provision of Cooperative Threat Reduction and Title V *Freedom Support Act* assistance. This assistance has been critically important in the dismantlement and non-proliferation of weapons of mass destruction material and expertise in the New Independent States.

Second, we are requesting expanded authorities to allow support for the Government of Colombia's unified campaign against drugs, terrorism, and other threats to Colombia's national security. These expanded authorities will allow the Colombians to use equipment for counterterrorism, which was previously provided through counterdrug funding.

These supplemental dollars for foreign operations in FY 2002 will be directed primarily at draining the swamp in which terrorists thrive and at insuring the long-term success of Operation Enduring Freedom, as well as enhancing homeland security.

Conventional Arms Transfers to Developing Nations, 1994-2001

By

Richard F. Grimmett
Congressional Research Service
The Library of Congress

[The following are extracts from the unclassified report of *Conventional Arms Transfers to Developing Nations* as published under the above title by the Library of Congress on August 6, 2002. Macro data on worldwide arms transfer agreements and deliveries are also included. The selections included herein begin with a discussion of major research findings regarding the dollar value of both arms transfer agreements and arms deliveries to the developing countries from 1994 through 2001. These findings are all cross-referenced to comparative data tables which are presented following the textual material. Special attention is given to the roles of the United States, the former Soviet Union, and China as arms suppliers, and to identification of the leading Third World arms recipient nations. The report concludes with a listing of the type and quantity of weapons delivered to developing nations by major arms suppliers in the 1994-2001 time period. Copies of the complete document are available from the Foreign Affairs and National Defense Division, Congressional Research Service, the Library of Congress, Washington DC 20540.]

This report provides unclassified background data from U.S. government sources on transfers of conventional arms to developing nations by major suppliers for the period of 1994 through 2001. It also includes some data on world-wide supplier transactions. It updates and revises the report entitled *Conventional Arms Transfers to Developing Nations, 1993-2000*, published by the Congressional Research Service (CRS) on Aug 16, 2001 (CRS Report RL31083).

The data in the report illustrate how global patterns of conventional arms transfers have changed in the post-Cold War and post-Persian Gulf War years. Relationships between arms suppliers and recipients continue to evolve in response to changing political, military, and economic circumstances. Despite global changes since the Cold War's end, the developing world continues to be the primary focus of foreign arms sales activity by conventional weapons suppliers. During the period of this report, 1994-2001, conventional arms transfer agreements (which represent orders for future delivery) to developing nations have comprised 68.3 percent of the value of all international arms transfer agreements. The portion of agreements with developing countries constitute 65.8 percent of all agreements globally from 1998-2001. In 2001, arms transfer agreements with developing countries accounted for 60.5 percent of the value of all such agreements globally. Deliveries of conventional arms to developing nations, from 1998-2001, constituted 68.7 percent of all international arms deliveries. In 2001, arms deliveries to developing nations constituted 67.6 percent of the value of all such arms deliveries worldwide.

The data in this report completely supercede all data published in previous editions. Since these new data for 1994-2001 reflect potentially significant updates to and revisions in the underlying databases utilized for this report, only the data in this most recent edition should be used. The data are expressed in U.S. dollars for the calendar years indicated, and adjusted for inflation. U.S. commercially licensed arms exports are incorporated in the main delivery data tables, and noted separately. Excluded are arms transfers by any supplier to subnational groups.

Calendar Year Data Used

All arms transfer and arms delivery data in this report are for the calendar year or calendar year period given. This applies to both U.S. and foreign data alike. United States government departments and agencies published data on U.S. arms transfers and deliveries but generally use the United States fiscal year as the computational time period for these data. (A U.S. fiscal year covers the period from October 1 through September 30). As a consequence, there are likely to be distinct differences noted in those unpublished totals using a fiscal year basis and those provided in this report which use a calendar year basis for its figures. Details regarding data use are outlined in footnotes at the bottom of Tables 1, 2, 8, and 9.

Constant 2001 Dollars

Throughout this report values of arms transfer agreements and value of arms deliveries for all suppliers are expressed in U.S. dollars. Values for any given year generally reflect the exchange rates that prevailed during that specific year. In many instances, the report converts these dollar amounts (current dollars) into constant 2001 dollars. Although this helps to eliminate the distorting effects of U.S. inflation to permit a more accurate comparison of various dollar levels over time, the effects of fluctuating exchange rates are not neutralized. The deflators used for the constant dollar calculations in this report are those provided by the U.S. Department of Defense and are set out at the bottom of Tables 1, 2, 8, and 9. Unless otherwise noted in the report, all dollar values are stated in constant terms. Because all regional data tables are composed of four-year aggregate dollar totals (1994-1997 and 1998-2001), they must be expressed in current dollar terms. Where tables rank leading arms suppliers to developing nations or leading developing nation recipients using four-year aggregate dollar totals, these values are expressed in current dollars.

Definition of Developing Nations and Regions

As used in this report, the developing nations category includes all countries except the United States, Russia, European nations, Canada, Japan, Australia, and New Zealand. A listing of countries located in regions defined for the purpose of this analysis—Asia, Near East, Latin America, and Africa is provided at the end of the report.

Arms Transfer Values

The values of arms transfers (or deliveries) in this report refer to the total values of arms sales (or deliveries as the case may be) of weapons and ammunition, military spare parts, military construction, military assistance and training programs, and all associated services.

Major Findings

General Trends in Arms Transfers Worldwide

The value of all arms transfer agreements worldwide (to both developed and developing nations) in 2001 was nearly \$26.4 billion. This is a substantial decrease in arms agreements values over 2000, and is the first time since 1997 that total arms agreements decreased from the previous year (Chart 1)(Table 8A).

In 2001, the United States led in arms transfer agreements worldwide, making agreements valued at nearly \$12.1 billion (45.8 percent of all such agreements), down from \$18.9 billion in 2000. Russia ranked second with \$5.8 billion in agreements (22 percent of these agreements globally), down notably from \$8.4 billion in 2000. France ranked third, its arms transfer agreements worldwide falling notably from \$4.3 billion in 2000 to \$2.9 billion in 2001. The United States, Russia and France, collectively made agreements in 2001 valued at nearly \$20.8

billion, 78.8 percent of all international arms transfer agreements made by all suppliers (Figure 1)(Tables 8A, 8B, and 8D).

For the period 1998-2001, the total value of all international arms transfer agreements (about \$133.1 billion) was slightly higher than the worldwide value during 1994-1997 (\$128.2 billion), an increase of 3.7 percent. During the period 1994-1997, developing world nations accounted for 70.8 percent of the value of all arms transfer agreements made worldwide. During 1998-2001, developing world nations accounted for 65.8 percent of all arms transfer agreements made globally. In 2001, developing nations accounted for 60.5 percent of all arms transfer agreements made worldwide (Figure 1)(Table 8A).

In 2001, the United States ranked first in the value of all international arms deliveries, making \$9.7 billion in such deliveries or 45.6 percent. This is the eighth year in a row that the United States has led in global arms deliveries, reflecting, in particular, implementation of arms transfer agreements made during and in the aftermath of the Persian Gulf War. The United Kingdom ranked second in worldwide arms deliveries in 2001, making \$4 billion in such deliveries. Russia ranked third in 2001, making \$3.6 billion in such deliveries. These top three suppliers of arms in 2001 collectively delivered \$17.3 billion, 81.2 percent of all arms delivered worldwide by all suppliers in that year (Figure 2)(Tables 9A, 9B, and 9D).

The value of all international arms deliveries in 2001 was \$21.3 billion. This is a substantial decrease in the total value of arms deliveries from the previous year (\$32.6 billion), and by far the lowest total of the last eight years. The total value of such arms deliveries worldwide in 1998-2001(\$134.9 billion) was a notable decrease in the value of arms deliveries by all suppliers worldwide from 1994-1997 (\$165.8 billion) (Figure 2)(Tables 9A and 9B)(Charts 7 and 8).

Developing nations from 1998-2001 accounted for 68.7 percent of the value of all international arms deliveries. In the earlier period, 1994-1997, developing nations accounted for 70 percent of the value of all arms deliveries worldwide. In 2001, developing nations collectively accounted for 67.6 percent of the value of all international arms deliveries (Figure 2)(Tables 2A, 9A, and 9B).

Most recently, many developing nations have curtailed their expenditures on weaponry primarily due to their limited financial resources. This has only served to intensify competition among major arms suppliers for available arms contracts. Given the tenuous state of the global economy, even some prospective arms purchasers with significant financial resources have been cautious in making major new weapons purchases. To meet their military requirements, in current circumstances, a number of developing nations have placed a greater emphasis on upgrading existing weapons systems while deferring purchases of new and costlier ones. These countries have also, in several instances, chosen to focus on the absorption of major items previously obtained.

Developed nations have continued to seek to protect important elements of their own national military industrial bases. As a consequence, these nations have limited their own arms purchases from one another, with the exception of cases where they are involved in the joint production or development of specific weapons systems. The changing dynamics of the international arms marketplace has led several arms supplying nations to restructure and consolidate their defense industries due to competitive pressures. Several traditional arms supplying nations have found it necessary to join in multinational mergers or joint production ventures to maintain the viability of important elements of their national defense industrial sectors. Still other arms suppliers have chosen to focus on specialized niche markets where they have a competitive advantage in the sale of a specific category of weaponry.

Many weapons exporting nations have continued to focus their sales efforts on nations and regions where they have distinct competitive advantages due to longstanding political and military relationships with the prospective buyers. Within Europe, the potential exists for a series of new arms sales to nations that were formerly part of the Warsaw Pact and are now members of NATO, or have membership in prospect. This new market for arms is currently limited by the prospective buyers' lack of significant financial resources. However, competition has been strong between U.S. and European companies, as these prospective customers have the potential to partially offset sales declines elsewhere.

Notable new arms sales may occur with specific countries in the Near East, Asia, and Latin America in the next few years. A significant factor will be the health of the international economy. Various nations in the developed world wish to replace older military equipment. Yet the developing world as a whole has barely recovered from the Asian financial crisis of the late 1990's and the notable fluctuations in the price of crude oil in the last few years. Traditionally high profile weapons purchasers in Asia and the Near East were greatly affected by these events and consequently have been very cautious in seeking new arms agreements. Economic as well as military considerations have factored heavily in their decisions, and this seems likely to be the case for the immediate future.

Despite the fact that some Latin American, and to a lesser extent, African states have expressed interest in modernizing older items in their military inventories, the state of their domestic economies continues to constrain their weapons purchases. Developing nations, in many instances, continue to be dependent on financing credits and favorable payment schedules from suppliers in order to be able to make major arms purchases. This circumstance seems likely to continue to limit major weapons orders by the less affluent nations in the developing world, while enhancing the attractiveness to sellers of arms agreements with those countries that have sufficient resources to purchase weaponry without recourse to seller-supplied credit.

General Trends in Arms Transfers to Developing Nations

The value of all arms transfer agreements with developing nations in 2001 was \$16 billion. This was the lowest annual total, in real terms, during the 8-year period from 1994-2001. The total value of new arms transfer agreements with developing nations had increased for the last two years (Chart 1)(Figure 1)(Table 1A). In 2001, the value of all arms deliveries to developing nations (\$14.4 billion) was a substantial decrease from the value of 2000 deliveries (\$22.1 billion), and the lowest total by far of the last eight years (Charts 7 and 8)(Figure 2)(Table 2A).

Recently, from 1998-2001, the United States and Russia have dominated the arms market in the developing world, with the United States ranking first each of the last four years in the value of arms transfer agreements. From 1998-2001, the United States made nearly \$35.7 billion in arms transfer agreements with developing nations, 40.8 percent of all such agreements. Russia, the second leading supplier during this period, made over \$19.8 billion in arms transfer agreements or 22.6 percent. France, the third leading supplier, from 1998-2001 made \$6.3 billion or 7.2 percent of all such agreements with developing nations during these years. In the earlier period (1994-1997) the United States ranked first with \$24 billion in arms transfer agreements with developing nations or 26.5 percent; Russia made over \$20.2 billion in arms transfer agreements during this period or 22.3 percent. France made over \$18.6 billion in agreements or 20.5 percent (Table 1A).

During the period from 1994-2001, most arms transfers to developing nations were made by two to three major suppliers in any given year. The United States has ranked either first or second among these suppliers nearly every year from 1994-2001. The exception was 1997 when the U.S. ranked a close third to Russia. France has been a strong competitor for the lead in arms transfer

agreements with developing nations, ranking first in 1994 and 1997, and second in 1998, while Russia has ranked first in 1995, and second in 1996, 1997, 1999, 2000 and 2001. Despite France's larger traditional client base for armaments, Russia's more recent successes in securing new arms orders suggests that Russia may continue to rank higher in the value of new arms agreements than France, at least for the near term. Russia has had more significant limitations in its prospective arms client base than other major suppliers. Most of Russia's largest value arms transfer agreements in recent years have been with two countries, China and India. However, the Russian government has noted that it intends to adopt more flexible credit and payment arrangements for its prospective customers in the developing world to secure more orders for its weaponry. It remains to be seen whether Russia's new approach to arms marketing will achieve its intended results.

Arms suppliers like the United Kingdom and Germany, from time to time, may conclude significant orders with developing countries, based on either long-term supply relationships or their having specialized weapons systems they will readily provide. Yet, the United States still appears best positioned to lead in new arms agreements with developing nations. New and very costly weapons purchases from individual developing countries seem likely to be limited in the near term, given the tenuousness of the international economy. The overall level of the arms trade with developing nations may actually decline in the near term, despite some costly purchases likely to be made by more wealthy developing countries.

Other suppliers in the tier below the United States, Russia and France, such as China, other European, and non-European suppliers, have been participants in the arms trade with developing nations at a much lower level. These suppliers are, however, capable of making an occasional arms deal of a significant nature. Yet most of their annual arms transfer agreements values totals during 1994-2001 are comparatively low, and based upon smaller transactions of generally less sophisticated equipment. Few of these countries are likely to be major suppliers of advanced weaponry on a sustained basis (Tables 1A, 1F, 1G, 2A, 2F, and 2G).

United States

In 2001, the total value in real terms of United States arms transfer agreements with developing nations fell significantly to \$7 billion from \$13 billion in 2000. Nevertheless, the U.S. share of the value of all such agreements was 43.6 percent in 2001, compared to a 46.3 percent share in 2000, a nominal decline (Charts 1, 3 and 4)(Figure 1)(Tables 1A and 1B).

The value of U.S. arms transfer agreements with developing nations in 2001 was primarily attributable to major purchases by key U.S. clients in the Near East, and to a much lesser extent in Asia. These arms agreement totals also reflect a continuation of well established defense support arrangements with these and other purchasers worldwide. U.S. agreements with its clients in 2001 include not only some highly visible sales of major weapons systems, but also a continuation of the upgrading of existing ones. The U.S. totals also reflect agreements for a wide variety of spare parts, ammunition, ordnance, training, and support services. Among major weapons systems sold by the United States to Israel in 2001 were 52 new production F-16D combat fighter aircraft, associated equipment and services for over \$1.8 billion, as well as 6 AH-64 Apache Longbow helicopters. Egypt made an agreement in excess of \$500 million for an M1 A1 Abrams main battle tank co-production deal. Another notable United States agreement in 2001 was a \$379 million contract with Singapore for 12 AH-64D Apache helicopters. The United States also concluded agreements for the sale of various missile systems to clients in both the Near East and Asia. These sales included: 111 ATACM missiles and launch systems for South Korea; 50 AIM-120C AMRAAM missiles for Singapore and 48 AIM-120C AMRAAM missiles for Israel; 150 HARM AGM-88C missiles for the United Arab Emirates; and 71 Harpoon missiles for Taiwan.

In addition to these U.S. agreements for the sale of new weapons systems, it must be emphasized that the sale of munitions, upgrades to existing systems, spare parts, training and support services to developing nations worldwide account for a very substantial portion of total value of U.S. arms transfer agreements. This fact reflects the large number of countries in the developing, and developed, world that have acquired and continue to utilize a wide range of American weapons systems, and have a continuing requirement to support, modify, as well as replace, these systems.

Russia

The total value of Russia's arms transfer agreements with developing nations in 2001 was \$5.7 billion, a notable decline from \$8.3 billion in 2000, but it still placed second in such agreements with the developing world. Russia's share of all developing world arms transfer agreements increased, rising from 29.6 percent in 2000 to 35.7 percent in 2001 (Charts 1, 3, and 4)(Figure 1)(Tables 1A, 1B, and 1G).

Russia's arms transfer agreements totals with developing nations have been notable for the last four years. During the 1998-2001 period, Russia ranked second among all suppliers to developing countries, making \$19.8 billion in agreements. Its arms agreement values have ranged from a high of \$8.3 billion in 2000 to a low of \$2.3 billion in 1998 (in constant 2001 dollars). Russia's arms sales totals reflect its continuing efforts to overcome the effects of the economic and political problems stemming from the breakup of the former Soviet Union. Many of Russia's traditional arms clients are less wealthy developing nations that were once provided generous grant military assistance and deep discounts on arms purchases. Following the dissolution of the Soviet Union in December 1991, Russia did not immediately resume those financing and sales practices. Russia has consistently sought to sell weapons as a means of obtaining hard currency. While some former arms clients in the developing world have continued to express interest in obtaining Russian weaponry, they have been restricted in doing so by a lack of funds to pay for the armaments they seek. Recently, Russian leaders have begun an effort to facilitate procurement of Russian weapons by providing more flexible and creative financing and payment options. Russia, has also frequently found it necessary to agree to licensed production of major weapons systems as a condition of sales with its two principal clients in recent years, India and China. Such agreements with these nations have accounted for a large portion of Russia's arms transfer agreement totals since the mid-1990s, and seem likely to do so for at least the near term.

The efforts of Russia to make lucrative new sales of conventional weapons continue to confront significant difficulties. This is due in large measure because most potential cash-paying arms purchasers have been longstanding customers of the United States or major West European suppliers. These prospective arms buyers have proven reluctant to replace their weapons inventories with unfamiliar non-Western armaments when newer versions of existing equipment are readily available from their traditional suppliers. Russia's difficult transition from the state supported and controlled industrial system of the former Soviet Union has also led some potential arms customers to question whether the Russian defense industries can be reliable suppliers of the spare parts and support services necessary for the maintenance of weapons systems they sell abroad.

Nevertheless, because Russia has had a wide variety of weaponry to sell, from the most basic to the highly sophisticated, and despite the internal problems evident in the Russian defense industrial sector, various developing countries still view Russia as a potential source of their military equipment. In late 2000, Russia served public notice that it again intended to pursue major arms sales with Iran, despite objections from the United States. Iran in the early 1990s was a primary purchaser of Russian armaments, receiving such items as MiG-29 fighter aircraft, Su-24 fighter-bombers, T-72 tanks, and Kilo class attack submarines. Within the last year there have

been a series of on-going discussions between Iran and Russia that could result in major conventional arms orders from Iran totaling in the billions of dollars. It should also be noted that Russia would clearly pursue new major weapons deals with Iraq, once one of its largest customers, if current U.N. sanctions on Iraq that ban Iraqi arms purchases are lifted.

Russia's principal arms clients since 1994 have been India and China. Elements of a long range plan for procurement as well as co-production of a number of advanced Russian weapons systems were agreed to with India in 1999, 2000 and 2001. These agreements are likely to result in significant aircraft, missile, and naval craft agreements with India and deliveries to the Indian government in the years to come. In early 2001, Russia concluded an agreement with India for the procurement and licensed production of 310 T-90 main battle tanks for about \$700 million. Russia's arms supplying relationship with China began to mature in the early to mid-1990s. Since 1996 Russia has sold China at least 72 Su-27 fighter aircraft. Subsequently, a licensed production agreement was finalized between Russia and China, permitting the Chinese to co-produce at least 200 Su-27 aircraft. Russia also sold China two Sovremenny-class destroyers, with associated missile systems, and four Kilo class attack submarines, with further sales of such naval systems in prospect. In 1999, the Chinese purchased between 40-60 Su-30 multi-role fighter aircraft for an estimated \$2 billion, and deals for future procurement of other weapons systems were agreed to in principle. In 2001, Russia sold China about 40 Su-30 MKK fighter aircraft for over \$1.5 billion, and a number of S-300 PMU-2 SAM (SA-10) systems for \$400 million. A variety of other contracts were reached with China for upgrades, spare parts, and support services associated with existing weapons systems previously sold by Russia. In light of these major weapons deals, it seems likely that India and China will figure significantly in Russia's arms export program for some years to come.

Russia has also continued to make smaller arms agreements inside and outside of Asia. In 2001, Russia sold South Korea about \$600 million in helicopters and other military equipment to help retire existing Russian debts. Russia also sold Mig-29 fighters to Burma and Yemen in 2001.

China

China emerged as an important arms supplier to certain developing nations in the 1980s, primarily due to arms agreements made with both combatants in the Iran and Iraq war. From 1994 through 2001, the value of China's arms transfer agreements with developing nations has averaged over \$1 billion annually. During the period of this report, the value of China's arms transfer agreements with developing nations reached its peak in 1999 at \$2.7 billion. Its sales figures that year resulted generally from several smaller valued weapons deals in Asia, Africa, and the Near East, rather than one or two especially large sales of major weapons systems. In 2001, China's arms transfer agreements total was \$600 million, ranking it third among all suppliers to developing nations. In 2001, a major part of China's arms agreements total was based on the sale of F-7 fighter aircraft to Pakistan. China has also made various smaller valued agreements in 2001 with Sub-Saharan African nations. China, more recently, has become a major purchaser of arms, primarily from Russia (Tables 1A, 1G and 1H)(Chart 3).

From the late 1980s onward, few clients with financial resources have sought to purchase Chinese military equipment, much of which is less advanced and sophisticated than weaponry available from Western suppliers and Russia. China did supply Silkworm anti-ship missiles to Iran, as well as other less advanced conventional weapons. Yet China does not appear likely to be a major supplier of conventional weapons in the international arms market in the foreseeable future. More sophisticated weaponry is available from other suppliers such as Russia, or major Western weapons exporters. A noteworthy exception is missiles. Reports persist in various publications that China has sold surface-to-surface missiles to Pakistan, a long-standing client. Iran and North Korea have also reportedly received Chinese missile technology. Continuing

reports of this nature raise important questions about China's stated commitment to the restrictions on missile transfers set out in the Missile Technology Control Regime (MTCR), including its pledge not to assist others in building missiles that could deliver nuclear weapons. Since it has a continuing need for hard currency, and has some military products (especially missiles) that some developing countries would like to acquire, China can present an important obstacle to efforts to stem proliferation of advanced missile systems to some areas of the developing world where political and military tensions are significant, and where some nations are seeking to develop asymmetric military capabilities.

Major West European Suppliers

The four major West European suppliers (France, United Kingdom, Germany, and Italy), as a group, registered a decline in their collective share of all arms transfer agreements with developing nations between 2000 and 2001. This group's share fell from 11.5 percent in 2000 to 3.1 percent in 2001. The collective value of this group's arms transfer agreements with developing nations in 2001 was \$500 million compared with a total of over \$3.2 billion in 2000. Of these four, France was the leading supplier with \$400 million in agreements in 2001, a substantial decline from \$2.2 billion in 2000. An important portion of the French agreement total in 2001 was attributable to a contract with Saudi Arabia to make upgrades to its French-supplied Shahine SAM missile system. Germany registered a significant decline in arms agreements from over \$1 billion in 2000 to essentially nil in 2001. Both the United Kingdom and Italy have failed to conclude notable arms transfer agreements with the developing world in 2000 and 2001 (Charts 3 and 4)(Tables 1A and 1B).

The four major West European suppliers, collectively, held about a 22.6 percent share of all arms transfer agreements with developing nations during the period from 1994-2001. During the period soon after the Persian Gulf war, the major West European suppliers generally maintained a notable share of arms transfer agreements. More recently this share has declined. For the 1998-2001 period, they collectively held 15.6 percent of all arms transfer agreements with developing nations (\$13.7 billion). Individual suppliers within the major West European group have had notable years for arms agreements, especially France in 1994, 1995, and 1997 (\$9.6 billion, \$2.9 billion, and \$4.8 billion respectively). The United Kingdom also had a large agreement year in 1996 (\$3.1 billion), and at least \$1 billion in 1997, 1998, and 1999. Germany concluded arms agreements totaling at least \$1 billion in 1998, 1999, and 2000, with its highest total at \$1.7 billion in 1999. For each of these three nations, large agreement totals in one year have usually reflected the conclusion of very large arms contracts with one or more major purchasers in that particular year (Tables 1A and 1B).

The major West European suppliers have traditionally had their competitive position in weapons exports enhanced by strong government marketing support for foreign arms sales. Since they can produce both advanced and basic air, ground, and naval weapons systems, the four major West European suppliers have competed successfully for arms sales contracts with developing nations against both the United States, which has tended to sell to several of the same clients, and with Russia, which has sold to nations not traditional customers of the U.S. The demand for U.S. weapons in the global arms marketplace, from a large established client base, has created a more difficult environment for individual West European suppliers to secure large new contracts with developing nations on a sustained basis. Consequently, some of these suppliers have begun to phase out production of certain types of weapons systems, and have increasingly sought to join joint production ventures with other key European weapons suppliers or even client countries in an effort to sustain major sectors of their individual defense industrial bases. Projects such as the Eurofighter is but one major example. Other European suppliers have also adopted the strategy of cooperating in defense production ventures with the United States such as the Joint Strike

Fighter, to both meet their own requirements for advanced combat aircraft, and to share in profits that result from future sales of the American plane.

Regional Arms Transfer Agreements

The Persian Gulf War from August 1990-February 1991 played a major role in further stimulating already high levels of arms transfer agreements with nations in the Near East region. The war created new demands by key purchasers such as Saudi Arabia, Kuwait, the United Arab Emirates, and other members of the Gulf Cooperation Council (GCC), for a variety of advanced weapons systems. Egypt and Israel continued their modernization and increased their weapons purchases from the United States. The Gulf States' arms purchase demands were not only a response to Iraq's aggression against Kuwait, but a reflection of concerns regarding perceived threats from a potentially hostile Iran. In Asia, efforts in several countries focused on upgrading and modernizing defense forces have led to important new conventional weapons sales in that region. In the 1990s, Russia became the principal supplier of advanced conventional weaponry to China, while maintaining its position as principal supplier to India. The data on regional arms transfer agreements from 1994-2001 continue to reflect the primacy of developing nations in the Near East and Asia regions as customers for conventional armaments.

Near East

The Near East has generally been the largest arms market in the developing world. In 1994-1997, it accounted for 47.9 percent of the total value of all developing nations arms transfer agreements (\$37.3 billion in current dollars). During 1998-2001, the region accounted for 46.5 percent of all such agreements (\$38.2 billion in current dollars) (Tables 1C and 1D).

The United States dominated arms transfer agreements with the Near East during the 1994-2001 period with 53.5 percent of their total value (\$40.4 billion in current dollars). France was second during these years with 21.1 percent (\$15.9 billion in current dollars). Recently, from 1998-2001, the United States accounted for 70.7 percent of arms agreements with this region (\$27 billion in current dollars), while Russia accounted for 8.6 percent of the region's agreements (\$3.3 billion in current dollars) (Chart 5)(Tables 1C and 1E).

Asia

Asia has generally been the second largest developing world arms market. In the earlier period (1994-1997), Asia accounted for 42.2 percent of the total value of all arms transfer agreements with developing nations (\$32.9 billion in current dollars). During 1998-2001, the region accounted for 38.6 percent of all such agreements (\$31.6 billion in current dollars) (Tables 1C and 1D).

In the earlier period (1994-1997), Russia ranked first in the value of arms transfer agreements with Asia with 42.6 percent. The United States ranked second with 18.2 percent. The major West European suppliers, as a group, made 20.4 percent of this region's agreements in 1994-1997. In the later period (1998-2001), Russia ranked first in Asian agreements with 44.2 percent, primarily due to major combat aircraft sales to India and China. The United States ranked second with 18.5 percent. The major West European suppliers, as a group, made 18.6 percent of this region's agreements in 1998-2001 (Chart 6)(Table 1E).

Leading Developing Nations Arms Purchasers

The United Arab Emirates was the leading developing world arms purchaser from 1994-2001, making arms transfer agreements totaling \$16 billion during these years (in current dollars). In the 1994-1997 period, Saudi Arabia ranked first in arms transfer agreements at \$12.4 billion (in current dollars). From 1998-2001, however, the total value of Saudi Arabia's arms transfer agreements dropped dramatically to \$1.7 billion (in current dollars). This decline resulted from Saudi debt obligations stemming from the Persian Gulf era, coupled with a significant fall in Saudi revenues caused by the notable decline in the market price of oil over an extended period in the 1990s. The total value of all arms transfer agreements with developing nations from 1994-2001 was \$161.9 billion in current dollars. The United Arab Emirates (U.A.E.) alone was responsible for 9.9 percent of all developing world arms transfer agreements during these eight years. In the most recent period, 1998-2001, the U.A.E. ranked first in arms transfer agreements with developing nations (\$10.8 billion in current dollars). India ranked second during these years (\$7.2 billion in current dollars). The U.A.E. from 1998-2001 accounted for 13 percent of the value of all developing world arms transfer agreements (\$10.8 billion out of \$83.4 billion in current dollars) (Tables 1, 1H, 1I and 1J).

The values of the arms transfer agreements of the top ten developing world recipient nations in both the 1994-1997 and 1998-2001 periods accounted for the largest portion of the total developing nations arms market. During 1994-1997, the top ten recipients collectively accounted for 64.8 percent of all developing world arms transfer agreements. During 1998-2001, the top ten recipients collectively accounted for 52.5 percent of all such agreements. Arms transfer agreements with the top ten developing world recipients, as a group, totaled \$11.6 billion in 2001 or 72.7 percent of all arms transfer agreements with developing nations in that year. This reflects the continued concentration of major arms purchases by developing nations within a few countries (Tables 1, 1I and 1J).

Israel ranked first among all developing world recipients in the value of arms transfer agreements in 2001, concluding \$2.5 billion in such agreements. China ranked second in agreements in 2001 at \$2.1 billion. Egypt ranked third with \$2 billion in agreements. Six of these top ten recipients were in the Near East region (Table 1J).

Saudi Arabia was the leading recipient of arms deliveries among developing world recipients in 2001, receiving \$4.8 billion in such deliveries. Saudi Arabia alone received 33.3 percent of the total value of all arms deliveries to developing nations in 2001. China ranked second in arms deliveries in 2001 with \$2.2 billion. Taiwan ranked third with \$1.2 billion (Tables 2 and 2J).

Arms deliveries to the top ten developing nation recipients, as a group, were valued at \$14.4 billion, or 81.2 percent of all arms deliveries to developing nations in 2001. Six of these top ten recipients were in Asia; the other four were in the Near East (Tables 2 and 2J).

Weapons Types Recently Delivered to Near East Nations

Regional weapons delivery data reflect the diverse sources of supply of conventional weaponry available to developing nations. Even though the United States, Russia, and the four major West European suppliers dominate in the delivery of the fourteen classes of weapons examined, it is also evident that the other European suppliers and some non-European suppliers, including China, are capable of being leading suppliers of selected types of conventional armaments to developing nations (Tables 3-7).

Weapons deliveries to the Near East, the largest purchasing region in the developing world, reflect the substantial quantities and types delivered by both major and lesser suppliers. The

following is an illustrative summary of weapons deliveries to this region for the period 1998-2001 from Table 5.

United States

182 tanks and self-propelled guns
254 APCs and armored cars
81 supersonic combat aircraft
42 helicopters
278 surface-to-air missiles
57 anti-ship missiles

Russia

240 tanks and self-propelled guns
410 APCs and armored cars
30 supersonic combat aircraft
40 helicopters
30 anti-ship missiles

China

1 guided missile boat
170 surface-to-air- missiles
100 anti-ship missiles

Major West European Suppliers

280 tanks and self-propelled guns
70 APCs and armored cars
1 minor surface combatant
10 guided missile boats
3 submarines
10 supersonic combat aircraft
30 helicopters
160 anti-ship missiles

All Other European Suppliers

270 tanks and self-propelled guns
240 APCs and armored cars
1 major surface combatant
3 minor surface combatants
30 supersonic combat aircraft
20 helicopters
280 surface-to-air missiles

All Other Suppliers

30 APCs and armored cars
8 minor surface combatants
30 surface-to-surface missiles
10 anti-ship missiles

Large numbers of major combat systems were delivered to the Near East region from 1998-2001, specifically, tanks and self-propelled guns, armored vehicles, minor surface combatants, supersonic combat aircraft, helicopters, air defense and anti-ship missiles. The United States made significant deliveries of supersonic combat aircraft to the region. Russia, the United States, and European suppliers in general were the principal suppliers of tanks and self-propelled guns, and APCs and armored cars. Three of these weapons categories—supersonic combat aircraft,

helicopters, and tanks and self-propelled guns are especially costly and are an important portion of the dollar values of arms deliveries by the United States, Russia, and European suppliers to the Near East region during the 1998-2001 period.

The cost of naval combatants is also generally high, and suppliers of such systems during this period had their delivery value totals notably increased due to these transfers. Some of the less expensive weapons systems delivered to the Near East are deadly and can create important security threats within the region. In particular, from 1998-2001, China delivered to the Near East region 100 anti-ship missiles, the major West European suppliers delivered 160, while the United States delivered 57. China also delivered one guided missile boat to the Near East, while the major West European suppliers collectively delivered 10 guided missile boats and one minor surface combatant. Other non-European suppliers delivered 30 surface-to-surface missiles, a weapons category not delivered by any of the other major weapons suppliers during this period.

United States Commercial Arms Exports

The United States commercial deliveries data set out below in this report are included in the main data tables for deliveries worldwide and for deliveries to developing nations collectively. They are presented separately here to provide an indicator of their overall magnitude in the U.S. aggregate deliveries totals to the world and to all developing nations. The United States is the only major arms supplier that has two distinct systems for the export of weapons: the government-to-government foreign military sales (FMS) system, and the licensed commercial export system. It should be noted that data maintained on U.S. commercial sales agreements and deliveries are incomplete, and not collected or revised on an on-going basis, making them significantly less precise than those for the U.S. FMS program—which accounts for the overwhelming portion of U.S. conventional arms transfer agreements and deliveries involving weapons systems. There are no official compilations of commercial agreement data comparable to that for the FMS program maintained on an annual basis. Once an exporter receives from the State Department a commercial license authorization to sell—valid for four years—there is no current requirement that the exporter provide to the State Department, on a systematic and on-going basis, comprehensive details regarding any sales contract that results from the license approval, including if any such contract is reduced in scope or cancelled. Nor is the exporter required to report that no contract with the prospective buyer resulted. Annual commercial deliveries data are obtained from shipper's export documents and completed licenses returned from ports of exit by the U.S. Customs Service to the Office of Defense Trade Controls (PM/DTC) of the State Department, which makes the final compilation of such data. This process for obtaining commercial deliveries data is much less systematic and much less timely than that taken by the Department of Defense for government-to-government FMS transactions. Recently, efforts have been initiated by the U.S. government to improve the timeliness and quality of U.S. commercial deliveries data. The values of U.S. commercial arms deliveries to all nations and deliveries to developing nations for fiscal years 1994-2001, in current dollars, according to the U.S. State Department, were as follows:

<u>Fiscal Year</u>	<u>Commercial Deliveries (Worldwide)</u>	<u>Commercial Deliveries (to Developing Nations)</u>
1994	\$3,339,000,000	\$818,000,000
1995	\$3,173,000,000	\$850,000,000
1996	\$1,563,000,000	\$418,000,000
1997	\$1,818,000,000	\$503,000,000
1998	\$2,045,000,000	\$402,000,000
1999	\$654,000,000	\$125,000,000
2000	\$478,000,000	\$86,000,000
2001	\$821,000,000	\$348,000,000

Summary of Data Trends, 1994-2001

Tables 1 through 1J present data on arms transfer agreements with developing nations by major suppliers from 1994-2001. These data show the most recent trends in arms contract activity by major suppliers. Delivery data, which reflect implementation of sales decisions taken earlier, are shown in Tables 2 through 2J. Tables 8, 8A, 8B, 8C, and 8D provide data on worldwide arms transfer agreements from 1994-2001, while Tables 9, 9A, 9B, 9C, and 9D provide data on worldwide arms deliveries during this period. To use these data regarding agreements for purposes other than assessing general trends in seller/buyer activity is to risk drawing conclusions that can be readily invalidated by future events-precise values and comparisons, for example, may change due to cancellations or modifications of major arms transfer agreements. These data sets reflect the comparative order of magnitude of arms transactions by arm suppliers with recipient nations expressed in constant dollar terms, unless otherwise noted.

What follows is a detailed summary of data trends from the tables in the report. The summary statements also reference tables and/or charts pertinent to the point(s) noted.

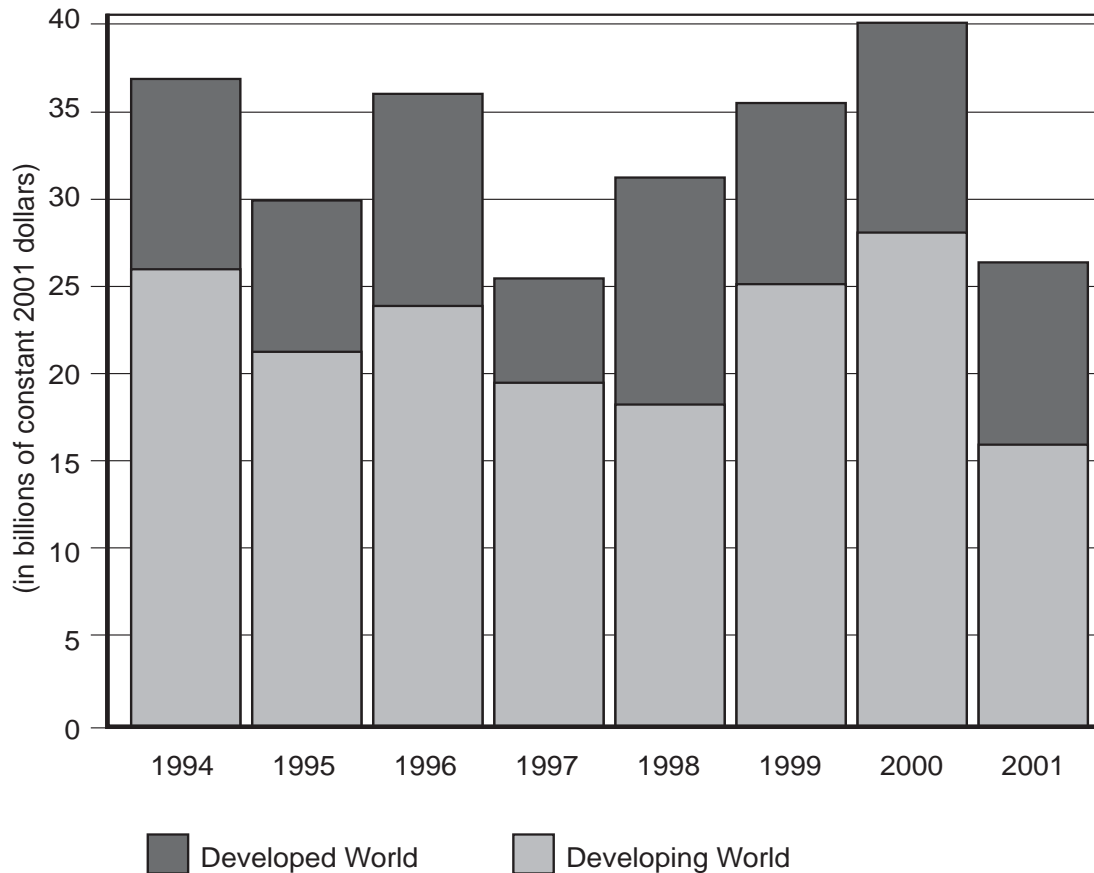
Total Developing Nations Arms Transfer Agreement Values

Table 1 shows the annual current dollar values of arms transfer agreements with developing nations. Since these figures do not allow for the effects of inflation, they are, by themselves, of somewhat limited use. They provide, however, the data from which Table 1A (constant dollars) and Table 1B (supplier percentages) are derived. Some of the more noteworthy facts reflected by these data are summarized below.

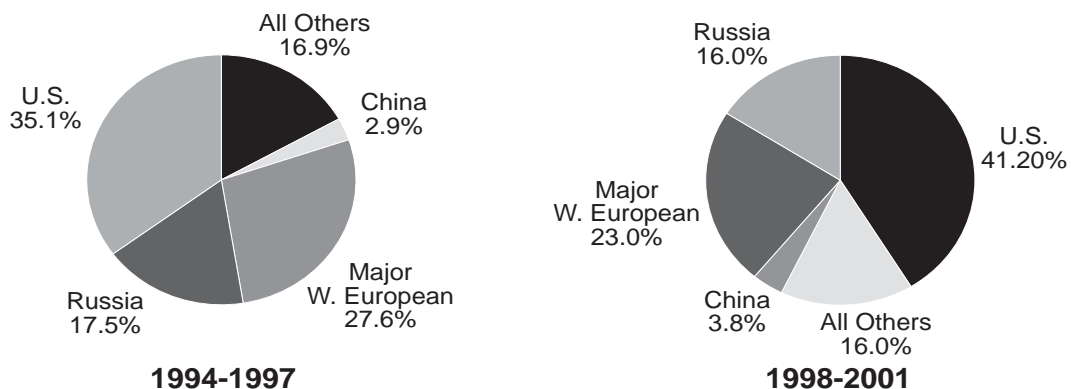
- The value of all arms transfer agreements with developing nations in 2001 was \$16 billion. This was the lowest total, in real terms, for arms transfer agreements with developing nations for the 8-year period from 1994-2001 (Tables 1 and 1A)(Chart 1).
- The total value of United States agreements with developing nations fell significantly from \$13 billion in 2000 to \$7 billion in 2001. Nevertheless, the United States' share of all developing world arms transfer agreements only decreased from 46.3 percent in 2000 to 43.6 percent in 2001 (Tables 1A and 1B)(Chart 3).
- In 2001, the total value, in real terms, of Russian arms transfer agreements with developing nations declined notably from the previous year, falling from \$8.3 billion in 2000 to \$5.7 billion in 2001. Yet the Russian share of all such agreements rose from 29.6 percent in 2000 to 35.7 percent in 2001 (Charts 3 and 4)(Tables 1A and 1B).
- The four major West European suppliers, as a group (France, United Kingdom, Germany, Italy), registered a decrease in their collective share of all arms transfer agreements with developing nations between 2000 and 2001. This group's share fell from 11.5 percent in 2000 to 3.1 percent in 2001. The collective value of this group's arms transfer agreements with developing nations in 2000 was \$3.2 billion compared with a total of \$500 million in 2001 (Tables 1A and 1B)(Charts 3 and 4).
- France registered a substantial decrease in its share of all arms transfer agreements with developing nations, falling from 7.8 percent in 2000 to 2.5 percent in 2001. The value of its agreements with developing nations declined from \$2.2 billion in 2000 to \$400 million in 2001 (Tables 1A and 1B).

- In 2001, the United States ranked first in arms transfer agreements with developing nations at \$7 billion. Russia ranked second at \$5.7 billion, while China ranked third at \$600 million (Charts 3 and 4)(Tables 1A, 1B, and 1G).

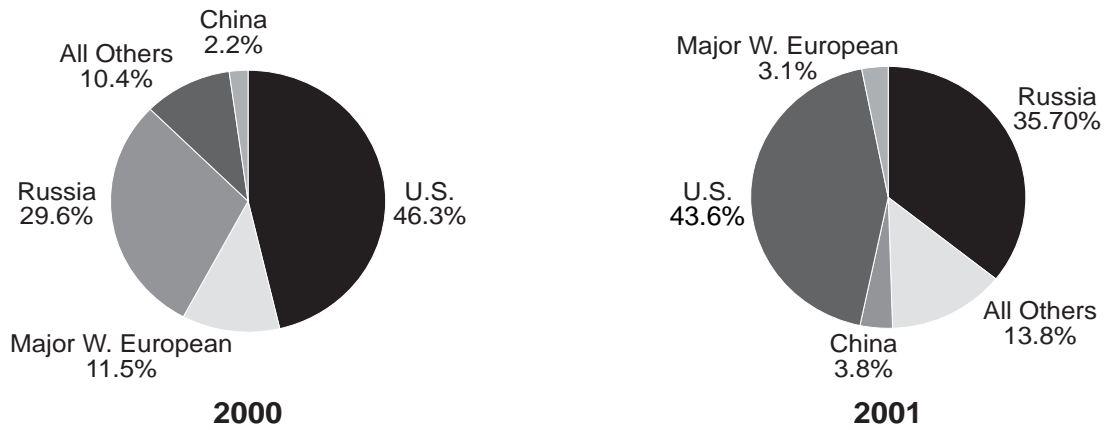
**Chart 1. Arms Transfer Agreements Worldwide, 1994-2001
Developed and Developing Worlds Compared**



**Chart 2. Arms Transfer Agreements Worldwide
(Supplier Percentage of Value)**



**Chart 3. Arms Transfer Agreements With Developing Nations
(Supplier Percentage of Value)**



**Chart 4. Arms Transfer Agreements With Developing Nations by Major Supplier, 1994-2001
(Billions of Constant 2001 Dollars)**

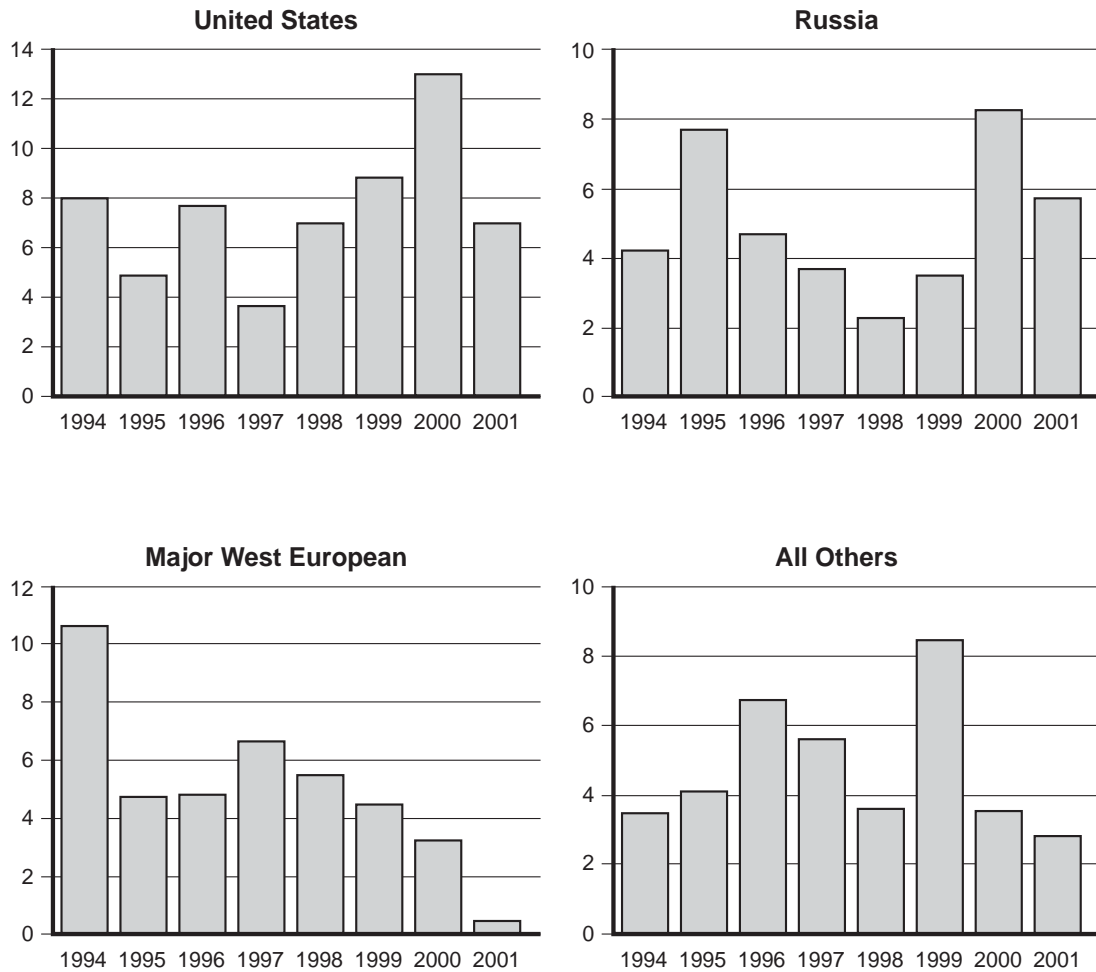


Figure 1
Worldwide Arms Transfer Agreements, 1994-2001 and Suppliers' Share with Developing World
(In Millions of Constant 2001 U.S. Dollars)

Worldwide Agreements Supplier	Percentage of Total with Value 1994-1997	Developing World
United States	45,015	53.30
Russia	22,438	90.20
France	21,614	86.20
United Kingdom	8,594	66.70
China	3,666	100.00
Germany	3,032	15.00
Italy	2,185	84.10
All Other European	12,001	75.80
All Others	9,623	73.70
Total	128,168	70.80

Worldwide Agreements Supplier	Percentage of Total with Value 1998-2001	Developing World
United States	54,810	65.20
Russia	21,324	93.00
France	12,366	50.70
United Kingdom	4,595	47.00
China	5,091	91.40
Germany	11,444	38.30
Italy	2,247	37.70
All Other European	14,339	57.70
All Others	6,921	78.60
Total	133,137	65.80

Worldwide Agreements Supplier	Percentage of Total with Value 2001	Developing World
United States	12,088	57.50
Russia	5,800	98.30
France	2,900	13.80
United Kingdom	400	0.00
China	600	100.00
Germany	1,000	0.00
Italy	200	50.00
All Other European	1,700	47.00
All Others	1,700	82.40
Total	26,388	60.50

Regional Arms Transfer Agreements, 1994-2001

Table 1C gives the values of arms transfer agreements between suppliers and individual regions of the developing world for the periods 1994-1997 and 1998-2001. These values are expressed in current U.S. dollars.¹ Table 1D, derived from Table 1C, gives the percentage distribution of each supplier's agreement values within the regions for the two time periods. Table 1E, also derived from Table 1C, illustrates what percentage share of each developing world region's total arms transfer agreements was held by specific suppliers during the years 1994-1997 and 1998-2001. Among the facts reflected in these tables are the following:

Near East

The Near East has generally been the largest regional arms market in the developing world. In 1994-1997, it accounted for 47.9 percent of the total value of all developing nations arms transfer agreements (\$37.3 billion in current dollars). During 1998-2001, the region accounted for 46.5 percent of all such agreements (\$38.2 billion in current dollars) (Tables 1C and 1D).

The United States has dominated arms transfer agreements with the Near East during the 1994-2001 period with 53.5 percent of their total value (\$40.4 billion in current dollars). France was second during these years with 21.1 percent (\$15.9 billion in current dollars). Most recently, from 1998-2001, the United States accounted for 70.7 percent of all arms transfer agreements with the Near East region (\$27 billion in current dollars). Russia accounted for 8.6 percent of agreements with this region (\$3 billion in current dollars) during the 1998-2001 period (Chart 5)(Tables 1C and 1E).

For the period 1994-1997, the United States concluded 64.6 percent of its developing world arms transfer agreements with the Near East. In 1998-2001, the U.S. concluded 79.2 percent of its agreements with this region (Table 1D).

For the period 1994-1997, the four major West European suppliers collectively made 62.3 percent of their developing world arms transfer agreements with the Near East. In 1998-2001, the major West Europeans made 29.1 percent of their arms agreements with the Near East (Table 1D). For the period 1994-1997, France concluded 81.1 percent of its developing world arms transfer agreements with the Near East. In 1998-2001, France made 51.7 percent of its agreements with the Near East (Table 1D).

For the period 1994-1997, the United Kingdom concluded 28.6 percent of its developing world arms transfer agreements with the Near East. In 1998-2001, the United Kingdom made 10 percent of its agreements with the Near East (Table 1D).

For the period 1994-1997, China concluded 40.6 percent of its developing world arms transfer agreements with the Near East. In 1998-2001, China made 16.3 percent of its agreements with the Near East (Table 1D).

For the period 1994-1997, Russia concluded 15.3 percent of its developing world arms transfer agreements with the Near East. In 1998-2001, Russia made 17.4 percent of its agreements with the Near East (Table 1D).

¹ Because these regional data are composed of four-year aggregate dollar totals, they must be expressed in current dollar terms.

In the earlier period (1994-1997), the United States ranked first in arms transfer agreements with the Near East with 35.9 percent. France ranked second with 34.6 percent. Russia ranked third with 7.2 percent. The major West European suppliers, as a group, made 38.6 percent of this region's agreements in 1994-1997. In the later period (1998-2001), the United States ranked first in Near East agreements with 70.7 percent. Russia ranked second with 8.6 percent. France ranked third with 7.9 percent. The major West European suppliers, as a group, made 9.7 percent of this region's agreements in 1998-2001. (Table 1E)(Chart 5).

Asia

Asia has generally been the second largest arms market in the developing world. In the 1994-1997 period, Asia accounted for 42.2 percent of all arms transfer agreements with developing nations (\$32.9 billion in current dollars). In the more recent period, 1998-2001, it accounted for 38.6 percent of all developing nations arms transfer agreements (\$31.6 billion in current dollars)(Tables 1C and 1D).

In the earlier period, 1994-1997, Russia ranked first in arms transfer agreements with Asia with 42.6 percent. The United States ranked second with 18.2 percent. The major West European suppliers, as a group, made 20.4 percent of this region's agreements in 1994-1997. In the later period, 1998-2001, Russia ranked first in Asian agreements with 44.2 percent, primarily due to major aircraft and naval vessel sales to India and China. The United States ranked second with 18.5 percent. The major West European suppliers, as a group, made 18.6 percent of this region's agreements in 1998-2001 (Chart 6) (Table 1E).

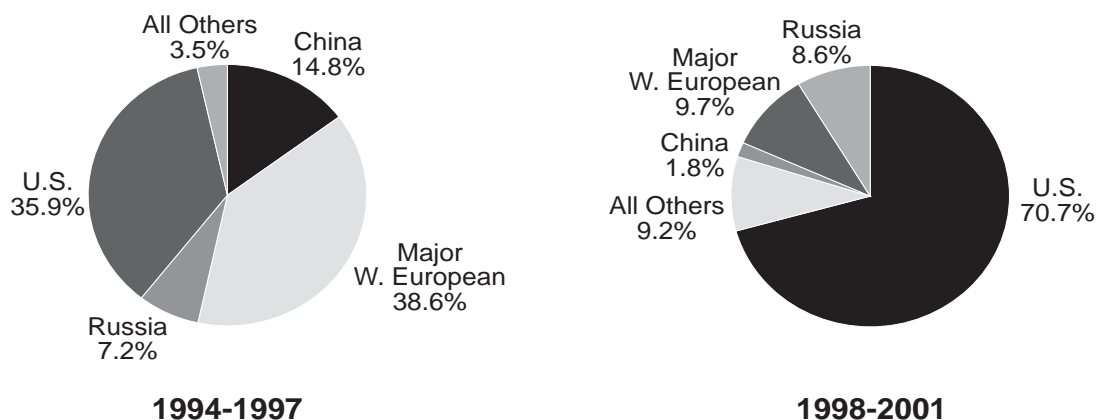
Latin America

In the earlier period, 1994-1997, the United States ranked first in arms transfer agreements with Latin America with 21.4 percent. France ranked second with 8.4 percent. The major West European suppliers, as a group, made 26.8 percent of this region's agreements in 1994-1997. In the later period, 1998-2001, the United States ranked first with 35.5 percent. Russia ranked second with 9.2 percent. All other non-European suppliers collectively made 36.9 percent of the region's agreements in 1998-2001. Latin America registered a significant decline in the total value of its arms transfer agreements from 1994-1997 to 1998-2001, falling from about \$6 billion in the earlier period to \$3.3 billion in the latter (Tables 1C and 1E).

Africa

In the earlier period, 1994-1997, Russia ranked first in agreements with Africa with 33.7 percent (\$600 million in current dollars). China ranked second with 16.8 percent. The major West European suppliers, as a group, made 22.5 percent of the region's agreements in 1994-1997. The United States made 4.6 percent. In the later period, 1998-2001, Germany ranked first in agreements with 17.8 percent (\$1.6 billion). Russia ranked second with 15.6 percent (\$1.4 billion). The major West European suppliers, as a group, made 34.4 percent of this region's agreements in 1998-2001. All other European suppliers collectively made 33.3 percent (\$3 billion). The United States made 1.2 percent. Africa registered a substantial increase in the total value of its arms transfer agreements from 1994-1997 to 1998-2001, rising from \$1.8 billion in the earlier period to \$9 billion in the latter (in current dollars). The notable rise in the level of arms agreements reflected, to an important degree, South Africa's new defense procurement program (Tables 1C and 1E).

Chart 5
Arms Transfer Agreements With Near East
(Supplier Percentage of Value)

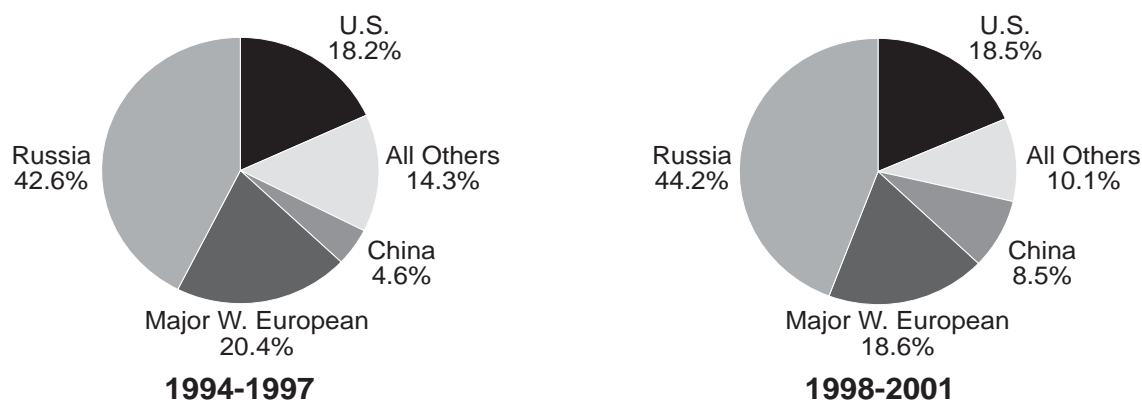


Arms Transfer Agreements With Near East 1994-2001: Suppliers And Recipients

Table 1H gives the values of arms transfer agreements with the Near East nations by suppliers or categories of suppliers for the periods 1994-1997 and 1998-2001. These values are expressed in current U.S. dollars. They are a subset of the data contained in Table 1 and Table 1C. Among the facts reflected by this Table are the following:

- For the most recent period, 1998-2001, the principal purchasers of U.S. arms in the Near East region, based on the value of agreements were: the United Arab Emirates (U.A.E.) (\$6.6 billion); Israel (\$2.5 billion), Egypt (\$1.7 billion), and Saudi Arabia (\$600 million). The principal purchasers of Russian arms were: the U.A.E. (\$1 billion), Iran (\$900 million), Yemen (\$500 million) and Algeria (\$400 million). The principal purchasers of arms from China were Egypt (\$400 million), and Algeria and Yemen (\$100 million each). The principal purchasers of arms from the four major West European suppliers, as a group, were: the U.A.E. (\$2.6 billion), Saudi Arabia and Syria (\$300 million each). The principal purchasers of arms from all other European suppliers collectively were Saudi Arabia (\$800 million), Algeria (\$400 million), and the U.A.E. (\$300 million). The principal purchasers of arms from all other suppliers combined were Libya and the U.A.E. (\$300 million each).

Chart 6
Arms Transfer Agreements With Asia
(Supplier Percentage of Value)



- For the period from 1998-2001, the United Arab Emirates (U.A.E.) made \$10.8 billion in arms transfer agreements. The United States (\$6.6 billion), the major West Europeans, collectively, (\$2.6 billion), and Russia (\$1 billion) were its largest suppliers. Saudi Arabia made \$1.7 billion in arms transfer agreements. Its principal suppliers were: the United States (\$600 million), the four major West European suppliers, as a group, (\$300 million), and all other European suppliers collectively, excluding the four major Europeans (\$800 million). Egypt made \$2.6 billion in arms transfer agreements. Its major supplier was the United States (\$1.7 billion). Israel made \$2.5 billion in arms transfer agreements. Its principal supplier was the United States (\$2.5 billion).

- The total value of arms transfer agreements by China with Iran fell from \$900 million to nil during the period from 1994-1997 to 1998-2001. The value of Russia's arms transfer agreements with Iran rose from \$200 million in the earlier period to \$900 million from 1998-2001, reflecting the reestablishment of their arms supply relationship.

- The value of arms transfer agreements by the United States with Saudi Arabia fell significantly from the 1994-1997 period to the 1998-2001 period, declining from \$4 billion in the earlier period to \$600 million in the later period. Saudi Arabia still made 35.3 percent of its arms transfer agreements with the United States during 1998-2001. Meanwhile, arms transfer agreements with Saudi Arabia by the major West European suppliers also decreased significantly from 1994-1997 to 1998-2001, falling from \$6.5 billion to \$300 million.

Chart 7
Arms Deliveries Worldwide 1994-2001 Developed and Developing Worlds Compared

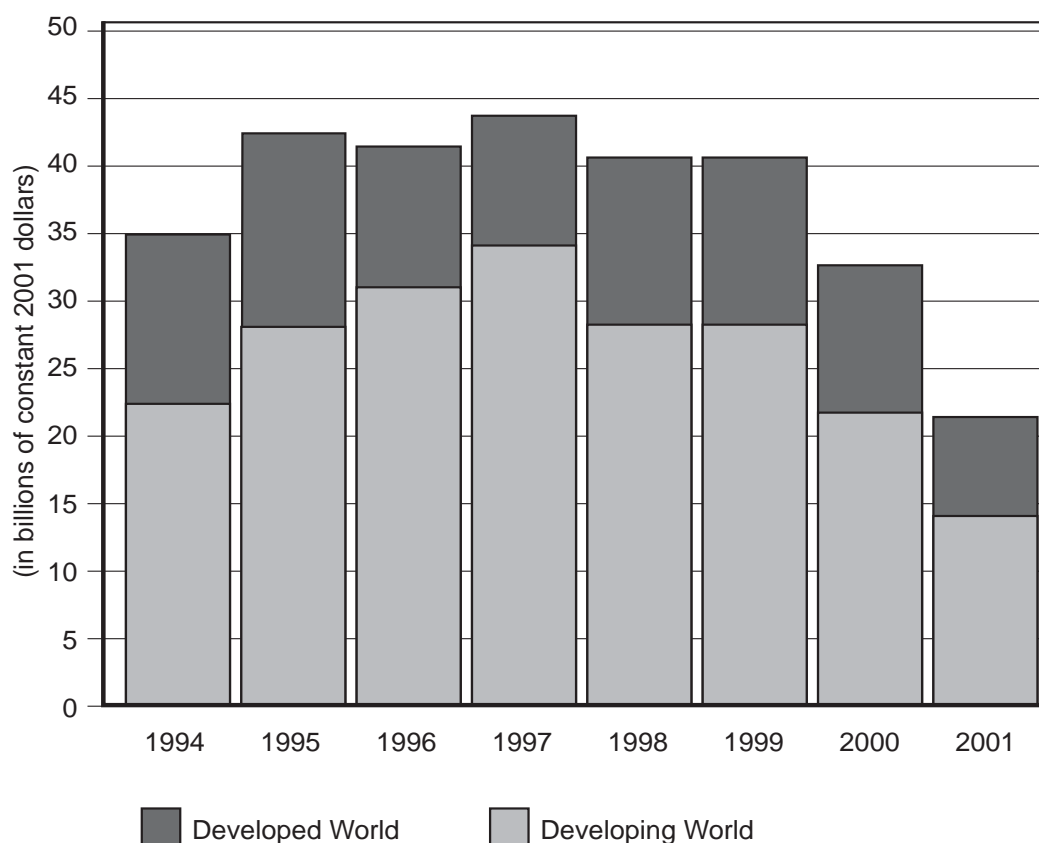
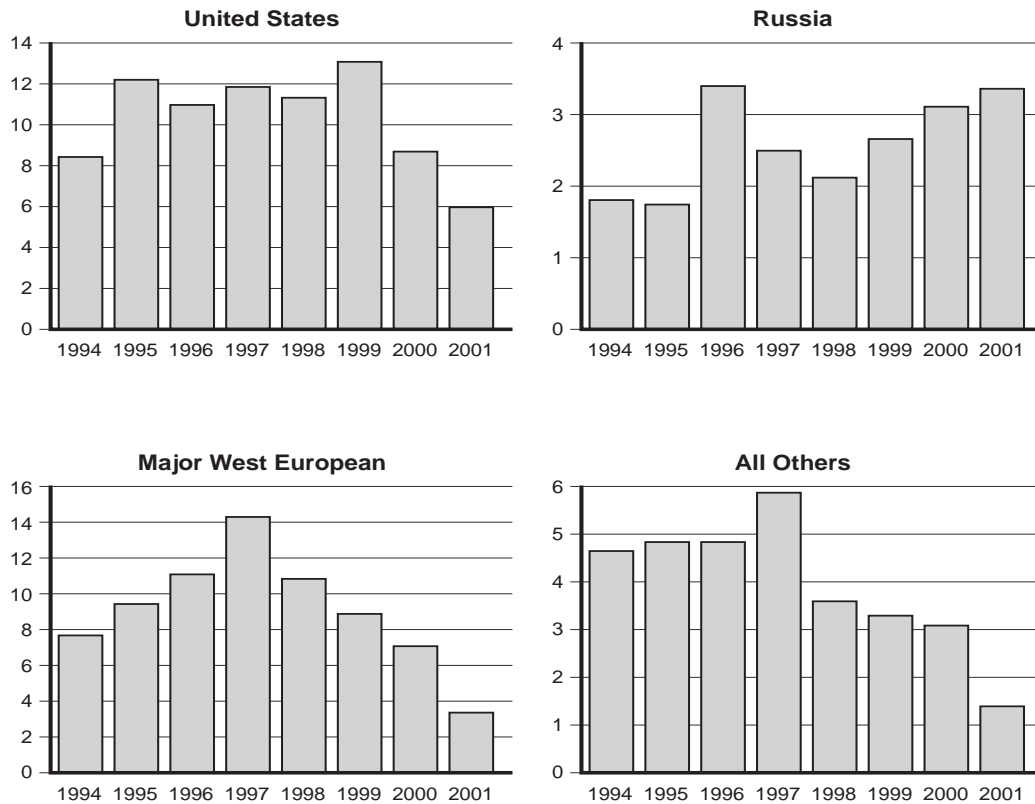


Chart 8
Arms Deliveries to Developing Countries by Major Supplier, 1994-2001
(In Billions of Constant 2001 Dollars)



Arms Transfers to Developing Nations, 1994-2001: Agreements With Leading Recipients

Table 1I gives the values of arms transfer agreements made by the top ten recipients of arms in the developing world from 1994-2001 with all suppliers collectively. The Table ranks recipients on the basis of the total current dollar values of their respective agreements with all suppliers for each of three periods 1994-1997, 1998-2001 and 1994-2001. Among the facts reflected in this Table that the U.A.E. has been the leading developing world purchaser of arms from 1994-2001, making agreements totaling \$16 billion during these years. The total value of all arms transfer agreements with developing nations from 1994-2001 was \$161.9 billion in current dollars. The U.A.E. alone was responsible for over 9.9 percent of all developing world arms transfer agreements during these years. In the most recent period-1998-2001-the U.A.E. ranked first in arms transfer agreements by developing nations (\$10.8 billion in current dollars). India ranked second (\$7.2 billion in current dollars). The U.A.E. accounted for about 13 percent of all developing world arms transfer agreements during this period (\$10.8 billion out of nearly \$83.4 billion in current dollars) (Tables 1, 1B, 1I and 1J). During 1994-1997, the top ten recipients collectively accounted for 64.8 percent of all developing world arms transfer agreements. During 1998-2001, the top ten recipients, collectively accounted for 52.5 percent of all such agreements (Tables 1 and 1I).

Arms Transfers to Developing Nations in 2001: Agreements With Leading Recipients

Table 1J names the top ten developing world recipients of arms transfer agreements in 2001. The Table ranks these recipients on the basis of the total current dollar values of their respective agreements with all suppliers in 2001. Among the facts reflected in this Table are the following:

- Israel ranked first among all developing nations recipients in the value of arms transfer agreements in 2001, concluding \$2.5 billion in such agreements. China ranked second with \$2.1 billion. Egypt ranked third with \$2 billion.
- Six of the top ten developing world recipients of arms transfer agreements in 2001 were in the Near East. Four were in Asia.
- Arms transfer agreements with the top ten developing world recipients, as a group, in 2001 totaled \$11.6 billion or 72.7 percent of all such agreements with the developing world, reflecting a continuing concentration of developing world arms purchases among a few nations (Tables 1 and 1J).

Developing Nations Arms Delivery Values

Table 2 shows the annual current dollar values of arms deliveries (items actually transferred) to developing nations by major suppliers from 1994-2001. The utility of these particular data is that they reflect transfers that have occurred. They provide the data from which Table 2A (constant dollars) and Table 2B (supplier percentages) are derived. Some of the more notable facts illustrated by these data are summarized below.

- In 2001 the value of all arms deliveries to developing nations (\$14.4 billion) was a notable decrease in deliveries values from the previous year, (\$22.1 billion in constant 2001 dollars) (Charts 7 and 8)(Table 2A).
- The U.S. share of all deliveries to developing nations in 2001 was 41.7 percent, up from 39.3 percent in 2000. In 2001, the United States, for the eighth year in a row, ranked first in the value of arms deliveries to developing nations (in constant 2001 dollars), reflecting continuing implementation of Persian Gulf War era arms transfer agreements. The second leading supplier was Russia. Russia's share of all deliveries to developing nations in 2001 was 23.6 percent, up notably from 14.1 percent in 2000. The United Kingdom's share of all arms deliveries to developing nations in 2001 was 22.9 percent, up from 22.1 percent in 2000. The share of major West European suppliers deliveries to developing nations in 2001 was 24.3 percent, down notably from 32.5 percent in 2000 (Tables 2A and 2B).
- The total value of all arms deliveries by all suppliers to developing nations from 1998-2001 (\$92.6 billion in constant 2001 dollars) was substantially lower than the value of arms deliveries by all suppliers to developing nations from 1994-1997 (\$116 billion in constant 2001 dollars) (Table 2A).
- During the years 1994-2001, arms deliveries to developing nations comprised 69.4 percent of all arms deliveries worldwide. In 2001, the percentage of arms deliveries to developing nations was 67.6 percent of all arms deliveries worldwide (Tables 2A and 9A)(Figure 2).

Figure 2
Worldwide Arms Deliveries, 1994-2001 and Suppliers' Share with Developing world
(In Millions of Constant 2001 U.S. Dollars)

Supplier	Worldwide Deliveries Value 1994-1997	Percentage of Total to Developing World
United States	69,859	62.20
Russia	12,675	74.30
France	16,757	83.50
United Kingdom	27,396	88.70
China	3,675	97.00
Germany	7,868	45.80
Italy	1,032	88.80
All Other European	17,050	66.80
All Others	9,447	57.40
Total	165,759	70.00

Supplier	Worldwide Deliveries Value 1998-2001	Percentage of Total to Developing World
United States	61,099	64.30
Russia	12,836	86.90
France	14,673	80.70
United Kingdom	19,305	85.40
China	2,310	81.80
Germany	5,226	26.40
Italy	1,378	69.40
All Other European	10,599	63.10
All Others	7,478	39.50
Total	134,904	68.70

Supplier	Worldwide Deliveries Value 2001	Percentage of Total to Developing World
United States	9,702	61.90
Russia	3,600	94.40
France	1,000	20.00
United Kingdom	4,000	82.50
China	500	80.00
Germany	100	0.00
Italy	0	0.00
All Other European	1,100	54.50
All Others	1,300	38.50
Total	21,302	67.60

Table 1
Arms Transfer Agreements With Developing Nations, By Supplier, 1994-2001
(In Millions of Current U.S. Dollars)

	1994	1995	1996	1997	1998	1999	2000	2001	1994-2001
United States	6,663	4,158	6,691	3,212	6,403	8,239	12,499	6,956	54,821
Russia	3,500	6,600	4,100	3,300	2,100	3,300	8,000	5,700	36,600
France	8,100	2,500	1,100	4,300	2,500	900	2,100	400	21,900
United Kingdom	700	600	2,700	1,000	1,000	1,000	0	0	7,000
China	800	200	900	1,300	700	2,500	600	600	7,600
Germany	0	200	100	100	1,500	1,600	1,000	0	4,500
Italy	100	700	300	500	0	700	0	100	2,400
All Other European	1,600	1,700	3,000	1,600	1,400	4,400	1,200	800	15,700
All Others	500	1,600	2,000	2,100	1,200	1,000	1,600	1,400	11,400
Total	21,963	18,258	20,891	17,412	16,803	23,639	26,999	15,956	161,921

*Dollar Inflation

Index: (2001 = 1.00)

0.8401

0.8572

0.8756

0.8947

0.9158

0.9376

0.9617

1

Source: U.S. government.

Note: Developing nations category excludes the U.S., Europe, Canada, Japan, Australia, and New Zealand. All data are for the calendar year given except for U.S. Military Assistance Program (MAP), International Military Education and Training (IMET), and Excess Defense Article data which are included for the particular fiscal year. All amounts given include the values of weapons, spare parts, construction, all associated services, military assistance, excess defense articles, and training programs. Statistics for foreign countries are based upon estimated selling prices. All foreign data are rounded to the nearest \$100 million. The United States total in 2000 includes a \$6.432 billion licensed commercial agreement with the United Arab Emirates for 80 F-16 aircraft.

*Based on Department of Defense price Deflator.

Table 1A
Arms Transfer Agreements With Developing Nations, By Supplier, 1994-2001
(In Millions of constant 2001 U.S. Dollars)

	1994	1995	1996	1997	1998	1999	2000	2001	1994-2001
United States	7,931	4,851	7,642	3,590	6,992	8,787	12,997	6,956	59,746
Russia	4,166	7,699	4,683	3,688	2,293	3,520	8,319	5,700	40,068
France	9,642	2,916	1,256	4,806	2,730	960	2,184	400	24,894
United Kingdom	833	700	3,084	1,118	1,092	1,067	0	0	7,894
China	952	233	1,028	1,453	764	2,666	624	600	8,320
Germany	0	233	114	112	1,638	1,706	1,040	0	4,843
Italy	119	817	343	559	0	747	0	100	2,685
All Other European	1,905	1,983	3,426	1,788	1,529	4,693	1,248	800	17,372
All Others	595	1,867	2,284	2,347	1,310	1,067	1,664	1,400	12,534
Total	26,143	21,299	23,860	19,461	18,348	25,213	28,076	15,956	178,356

Table 1B
Arms Transfer Agreements With Developing Nations, By Supplier, 1994-2001
(Expressed as a Percent of Total, By Year)

	1994	1995	1996	1997	1998	1999	2000	2001
United States	30.34%	22.77%	32.03%	18.45%	38.11%	34.85%	46.29%	43.59%
Russia	15.94%	36.15%	19.63%	18.95%	12.50%	13.96%	29.63%	35.72%
France	36.88%	13.69%	5.27%	24.70%	14.88%	3.81%	7.78%	2.51%
United Kingdom	3.19%	3.29%	12.92%	5.74%	5.95%	4.23%	0.00%	0.00%
China	3.64%	1.10%	4.31%	7.47%	4.17%	10.58%	2.22%	3.76%
Germany	0.00%	1.10%	0.48%	0.57%	8.93%	6.77%	3.70%	0.00%
Italy	0.46%	3.83%	1.44%	2.87%	0.00%	2.96%	0.00%	0.63%
All Other European	7.28%	9.31%	14.36%	9.19%	8.33%	18.61%	4.44%	5.01%
All Others	2.28%	8.76%	9.57%	12.06%	7.14%	4.23%	5.93%	8.77%
Major West European*	40.53%	21.91%	20.11%	33.88%	29.76%	17.77%	11.48%	3.14%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

*Major West European category includes France, United Kingdom, Germany, Italy.

Table 1C
Regional Arms Transfer Agreements, by Supplier, 1994-2001
(In Millions of Current U.S. Dollars)

	Asia		Near East		Latin America		Africa	
	1994-1997	1998-2001	1994-1997	1998-2001	1994-1997	1998-2001	1994-1997	1998-2001
United States	5,979	5,848	13,387	26,991	1,276	1,155	82	104
Russia	14,000	14,000	2,700	3,300	300	300	600	1,400
France	2,400	2,300	12,900	3,000	500	0	100	500
United Kingdom	2,900	1,100	1,400	200	400	0	200	700
China	1,500	2,700	1,300	700	100	0	300	900
Germany	200	2,400	0	100	300	0	0	1,600
Italy	1,200	100	100	400	400	0	100	300
All Other European	2,100	1,400	3,200	2,300	2,000	600	200	3,000
All Others	2,600	1,800	2,300	1,200	700	1,200	200	500
Major West European*	6,700	5,900	14,400	3,700	1,600	0	400	3,100
Total	32,879	31,648	37,287	38,191	5,976	3,255	1,782	9,004

Source: U.S. Government.

Note: All foreign data are rounded to the nearest \$100 million. The United States total for Near East in 1998-2001 includes a \$6,432 billion licensed commercial agreement with the United Arab Emirates in 2000 for 80 F-16 aircraft.

*Major West European category included France, United Kingdom, Germany, Italy.

Table 1D
Percentage of Each Supplier's Agreements Value by Region, 1994-2001

	Asia		Near East		Latin America		Africa		Total	
	1994-1997	1998-2001	1994-1997	1998-2001	1994-1997	1998-2001	1994-1997	1998-2001	1994-1997	1998-2001
United States	28.85%	17.15%	64.60%	79.16%	6.16%	3.39%	0.40%	0.31%	100.00%	100.00%
Russia	79.55%	73.68%	15.34%	17.37%	1.70%	1.58%	3.41%	7.37%	100.00%	100.00%
France	15.09%	39.66%	81.13%	51.72%	3.14%	0.00%	0.63%	8.62%	100.00%	100.00%
United Kingdom	59.18%	55.00%	28.57%	10.00%	8.16%	0.00%	4.08%	35.00%	100.00%	100.00%
China	46.88%	62.79%	40.63%	16.28%	3.13%	0.00%	9.38%	20.93%	100.00%	100.00%
Germany	40.00%	58.54%	0.0%	2.44%	60.00%	0.00%	0.00%	39.02%	100.00%	100.00%
Italy	66.67%	12.50%	5.56%	50.00%	22.22%	0.00%	5.56%	37.50%	100.00%	100.00%
All Other European	28.00%	19.18%	42.67%	31.51%	26.67%	8.22%	2.67%	41.10%	100.00%	100.00%
All Others	44.83%	38.30%	39.66%	25.53%	12.07%	25.53%	3.45%	10.64%	100.00%	100.00%
Major West European*	29.00%	46.46%	62.34%	29.13%	6.93%	0.00%	1.73%	24.41%	100.00%	100.00%
Total	42.19%	38.55%	47.85%	46.52%	7.67%	3.96%	2.29%	10.97%	100.00%	100.00%

*Major West European category includes France, United Kingdom, Germany, Italy.

Table 1E
Percentage of Total Agreements Value by Supplier to Regions, 1994-2001

	Asia		Near East		Latin America		Africa	
	1994-1997	1998-2001	1994-1997	1998-2001	1994-1997	1998-2001	1994-1997	1998-2001
United States	18.18%	18.48%	35.90%	70.67%	21.35%	35.48%	4.60%	1.16%
Russia	42.58%	44.24%	7.24%	8.64%	5.02%	9.22%	33.67%	15.55%
France	7.30%	7.27%	34.60%	7.86%	8.37%	0.00%	5.61%	5.55%
United Kingdom	8.82%	3.48%	3.75%	0.52%	6.69%	0.00%	11.22%	7.77%
China	4.56%	8.53%	3.49%	1.83%	1.67%	0.00%	16.84%	10.00%
Germany	0.61%	7.58%	0.00%	0.26%	5.02%	0.00%	0.00%	17.77%
Italy	3.65%	0.32%	0.27%	1.05%	6.69%	0.00%	5.61%	3.33%
All Other European	6.39%	4.42%	8.58%	6.02%	33.47%	18.43%	11.22%	33.32%
All Others	7.91%	5.69%	6.17%	3.14%	1.71%	36.87%	11.22%	5.55%
Major West European*	20.38%	18.64%	38.62%	9.69%	26.77%	0.00%	22.45%	34.43%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

*Major West European category included France, United Kingdom, Germany, and Italy.

Table 1F
Arms Transfer Agreements with Developing Nations, 1994-2001 Leading Supplier Compared
(In Millions of Current 2001 U.S. Dollars)

Rank	Supplier	Agreements Value 1994-1997
1	United States	20,724
2	Russia	17,500
3	France	16,000
4	United Kingdom	5,000
5	China	3,200
6	South Africa	2,400
7	Ukraine	1,700
8	Italy	1,600
9	Israel	1,100
10	Netherlands	1,100
11	Belarus	1,100

Rank	Supplier	Agreements Value 1998-2001
1	United States	34,097*
2	Russia	19,100
3	France	5,900
4	China	4,400
5	Germany	4,100
6	Sweden	2,200
7	United Kingdom	2,000
8	Israel	1,800
9	Ukraine	1,300
10	Belarus	1,000
11	Italy	800

Rank	Supplier	Agreements Value 1994-2001
1	United States	54,821*
2	Russia	36,600
3	France	21,900
4	China	7,600
5	United Kingdom	7,000
6	Germany	4,500
7	Ukraine	3,000
8	South Africa	2,900
9	Israel	2,900
10	Sweden	2,600
11	Italy	2,400

Source: U.S. Government.

Note: All foreign data are rounded to the nearest \$100 million. Where data totals are the same, the actual rank order is maintained.

*The United States total includes a \$6.432 billion licensed commercial agreement with the United Arab Emirates in 2000 for 80 F-16 aircraft.

Table 1G
Arms Transfer Agreements with Developing Nations in 2001 Leading Suppliers Compared
(In Millions of Current U.S. Dollars)

Rank	Supplier	Agreements Value 2001
1	United States	6,956
2	Russia	5,700
3	China	600
4	Israel	500
5	France	400
6	Brazil	300
7	Egypt	200
8	Spain	200
9	South Korea	100
10	Romania	100
11	Ukraine	100

Source: U.S. Government.

Note: All foreign data are rounded to the nearest \$100 million. Where data totals are the same, the actual rank order is maintained.

Regional Arms Delivery Values, 1994-2001

Table 2C gives the values of arms deliveries by suppliers to individual regions of the developing world for the periods 1994-1997 and 1998-2001. These values are expressed in current U.S. dollars.² Table 2D, derived from Table 2C, gives the percentage distribution of each supplier's deliveries values within the regions for the two time periods. Table 2E, also derived from Table 2C, illustrates what percentage share of each developing world region's total arms delivery values was held by specific suppliers during the years 1994-1997 and 1998-2001. Among the facts reflected in these tables are the following:

Near East

The Near East has generally led in the value of arms deliveries received by the developing world. In 1994-1997, it accounted for 59.8 percent of the total value of all developing nations deliveries (\$60.2 billion in current dollars). During 1998-2001 the region accounted for 56 percent of all such deliveries (\$48.8 billion in current dollars) (Tables 2C and 2D).

For the period 1994-1997, the United States made 64.9 percent of its developing world arms deliveries to the Near East region. In 1998-2001, the United States made 61 percent of its developing world arms deliveries to the Near East region (Table 2D).

For the period 1994-1997, the United Kingdom made 85.4 percent of its developing world arms deliveries to the Near East region. In 1998-2001, the United Kingdom made 84.7 percent of its developing world arms deliveries to the Near East region (Table 2D).

For the period 1997-2001, 55.7 percent of France's arms deliveries to the developing world were to the Near East region. In the more recent period, 1998-2001, 49.6 percent of France's developing world deliveries were to nations of the Near East region (Table 2D).

For the period 1994-1997, Russia made 30.8 percent of its developing world arms deliveries to the Near East region. In 1998-2001, Russia made 17.6 percent of such deliveries to the Near East (Table 2D).

In the earlier period, 1994-1997, the United States ranked first in the value of arms deliveries to the Near East with 40.9 percent (nearly \$24.6 billion in current dollars). The United Kingdom ranked second with 30.1 percent (\$18.1 billion in current dollars). France ranked third with 11.5 percent (\$6.9 billion in current dollars). The major West European suppliers, as a group, held 42 percent of this region's delivery values in 1994-1997. In the later period (1998-2001), the United States ranked first in Near East delivery values with 46.3 percent (\$22.6 billion in current dollars). The United Kingdom ranked second with 27.3 percent (\$13.3 billion in current dollars). France ranked third with 11.3 percent (\$5.5 billion in current dollars). The major West European suppliers, as a group, held 41 percent of this region's delivery values in 1998-2001 (Tables 2C and 2E).

Asia

The Asia region has generally ranked second in the value of arms deliveries from most suppliers in both time periods. In the earlier period, 1994-1997, 32.4 percent of all arms deliveries to developing nations were to those in Asia (\$32.6 billion in current dollars). In the later period, 1998-2001, Asia accounted for 36.6 percent of such arms deliveries (\$31.9 billion in current dollars). For the period 1998-2001, Italy made 80 percent of its developing world deliveries to Asia. Russia made 70.4 percent of its developing world arms deliveries to Asia. China made 52.6 percent of its developing world deliveries to Asia, while France made 48.7 percent (Tables 2C and 2D).

In the period from 1994-1997, the United States ranked first in the value of arms deliveries to Asia with 33.7 percent (\$11 billion in current dollars). Russia ranked second with 16.9 percent (\$5.5 billion in current dollars). France ranked third with 15.4 percent (\$5 billion in current dollars). The major West European suppliers, as a group, held 32.9 percent of this region's delivery values in 1994-1997. In the period from 1998-2001, the United States ranked first in Asian delivery values with 39.5 percent (\$12.6 billion in current dollars). Russia ranked second with 23.8 percent (\$7.6 billion in current dollars). France ranked third with 16.9 percent (\$5.4 billion in current dollars). The major West European suppliers, as a group, held 27 percent of this region's delivery values in 1998-2001 (Tables 2C and 2E).

Latin America

In the earlier period, 1994-1997, the value of all arms deliveries to Latin America was \$5.1 billion. The United States ranked first in the value of arms deliveries to Latin America with 43.5 percent (\$2.2 billion in current dollars). The United Kingdom ranked second with 7.8 percent (\$400 million in current dollars). The major West European suppliers, as a group, held 17.5 percent of this region's delivery values in 1994-1997. In the later period, 1998-2001, the United States ranked first in Latin American delivery values with 59.2 percent (\$1.7 billion in current, dollars). Russia, France and Germany tied for second with 6.8 percent each. The major West European suppliers, as a group, held 13.6 percent of this region's delivery values in 1998-2001. During 1998-2001, the value of all arms deliveries to Latin America was \$2.9 billion, a substantial decline from the \$5.1 billion deliveries total for 1994-1997 (Tables 2C and 2E).

Africa

In the earlier period, 1994-1997, the value of all arms deliveries to Africa was \$2.7 billion. Russia ranked first in the value of arms deliveries to Africa with 22.1 percent (\$600 million in

current dollars). China ranked second with 11.1 percent (\$300 million in current dollars). The major West European suppliers, as a group, held 14.7 percent of this region's delivery values in 1994-1997. The United States held 4.3 percent. In the later period, 1998-2001, Russia ranked first in African delivery values with 31.5 percent (\$1.1 billion in current dollars). China ranked second with 14.3 percent (\$500 million in current dollars). The major West European suppliers, as a group, held 2.9 percent. The United States held 2.6 percent. The other European suppliers collectively held 28.6 percent (\$1 billion in current dollars). During this later period, the value of all arms deliveries to Africa increased from \$2.7 billion to nearly \$3.5 billion (in current dollars) (Tables 2C and 2E).

Arms Deliveries to Developing Nations, 1994-2001: Leading Suppliers Compared

Table 2F gives the values of arms deliveries to developing nations from 1994-2001 by the top eleven suppliers. The Table ranks these suppliers on the basis of the total current dollar values of their respective deliveries to the developing world for each of three periods 1994-1997, 1998-2001, and 1994-2001. Among the facts reflected in this Table are the following:

- The United States ranked first among all suppliers to developing nations in the value of arms deliveries from 1998-2001 (\$37.2 billion), and first for the entire period from 1994-2001 (\$74.9 billion).
- The United Kingdom ranked second among all suppliers to developing nations in the value of arms deliveries from 1998-2001 (\$15.7 billion), and second for the entire period from 1994-2001 (\$37 billion).
- France ranked third among all suppliers to developing nations in the value of arms deliveries from 1998-2001 (\$11 billion), and third for the entire period from 1994-2001 (\$23.3 billion).

Arms Deliveries With Developing Nations in 2001: Leading Suppliers Compared

Table 2G ranks and gives for 2001 the values of arms deliveries to developing nations of the top ten suppliers in current U.S. dollars. Among the facts reflected in this Table are the following:

- The United States, the United Kingdom and Russia, the year's top three arms suppliers-ranked by the value of their arms deliveries collectively made deliveries in 2001 valued at \$12.7 billion, 88.2 percent of all arms deliveries made to developing nations by all suppliers.
- In 2001, the United States ranked first in the value of arms deliveries to developing nations, making \$6 billion in such agreements, or 41.7 percent of them.
- Russia ranked second and the United Kingdom third in deliveries to developing nations in 2001, making \$3.4 billion and \$3.3 billion in such deliveries' respectively.
- China ranked fourth in arms deliveries to developing nations in 2001, making \$400 million in such deliveries, while Israel ranked fifth with \$200 million in deliveries.

Table 1H
Arms Transfer Agreements with Near East, by Supplier
(In Millions of Current U.S. Dollars)

Recipient Country	<u>U.S.</u>	<u>Russia</u>	<u>China</u>	<u>Major West European*</u>	<u>All Other European</u>	<u>All Others</u>	<u>Total</u>
1994-1997							
Algeria	0	600	100	0	500	100	1,300
Bahrain	200	0	0	0	0	0	200
Egypt	4,000	400	0	100	200	100	4,800
Iran	0	200	900	100	400	100	1,600
Iraq	0	0	0	0	0	0	0
Israel	4,300	0	0	100	0	300	4,700
Jordan	300	0	0	0	0	100	400
Kuwait	500	800	200	700	100	0	2,300
Lebanon	100	0	0	100	0	0	200
Libya	0	0	0	0	100	100	200
Morocco	0	0	0	300	100	100	500
Oman	0	0	0	400	100	100	600
Qatar	0	0	0	2,200	0	0	2,200
Saudi Arabia	4,000	0	0	6,500	500	1,400	12,400
Syria	0	200	0	0	100	0	300
Tunisia	0	0	0	0	0	0	0
U.A.E.	200	500	0	3,800	700	0	5,200
Yemen	0	0	100	200	400	0	700
1998-2001							
Algeria	0	400	100	0	400	100	1,000
Bahrain	100	0	0	0	0	0	100
Egypt	1,700	300	400	100	100	0	2,600
Iran	0	900	0	0	100	200	1,200
Iraq	0	0	0	0	100	0	100
Israel	2,500	0	0	0	0	0	2,500
Jordan	100	0	0	100	0	100	300
Kuwait	300	100	0	0	0	200	600
Lebanon	0	0	0	0	0	0	0
Libya	0	100	0	0	100	300	500
Morocco	0	0	0	0	200	0	200
Oman	0	0	0	0	100	0	100
Qatar	0	0	0	0	0	0	0
Saudi Arabia	600	0	0	300	800	0	1,700
Syria	0	100	0	300	100	0	500
Tunisia	0	0	0	0	0	0	0
U.A.E.**	6,600	1,000	0	2,600	300	300	10,800
Yemen	0	500	100	0	100	0	700

Source: U.S. Government.

Note: 0=data less than \$50 million or nil. All data are rounded to nearest \$100 million.

*Major West European includes France, United Kingdom, Germany, and Italy totals as an aggregate Figure.

**The United States total for 1998-2001 includes a \$6.432 billion licensed commercial agreement with the United Arab Emirates in 2000 for 80 F-16 aircraft.

Table 11
Arms Transfer Agreements of Developing Nations, 1994-2001:
Agreements by the Leading Recipients
(In Millions of Current U.S. Dollars)

Rank	Recipient	Agreements Value 1994-1997
1	Saudi Arabia	12,400
2	China	7,200
3	India	5,200
4	U.A.E.	5,200
5	Egypt	4,800
6	Israel	4,700
7	South Korea	3,600
8	Pakistan	3,100
9	Indonesia	2,400
10	Kuwait	2,300

Rank	Recipient	Agreements Value 1998-2001
1	U.A.E.	10,800*
2	India	7,200
3	China	6,700
4	South Africa	5,100
5	Egypt	2,600
6	Pakistan	2,500
7	Israel	2,400
8	Malaysia	2,300
9	Singapore	2,200
10	South Korea	2,000

Rank	Recipient	Agreements Value 1994-2001
1	U.A.E.	16,000*
2	Saudi Arabia	14,100
3	China	13,900
4	India	12,400
5	Egypt	7,400
6	Israel	7,200
7	South Korea	5,600
8	Pakistan	5,600
9	South Africa	5,300
10	Malaysia	4,000

Source: U.S. Government.

Note: All foreign data are rounded to the nearest \$100 million. Where data totals are the same, the actual rank order is maintained.

*The U.A.E. total includes a \$6.432 billion licensed commercial agreement with the United States in 2000 for 80 F-16 aircraft.

Table 1J
Arms Transfer Agreements of Developing Nations in 2001: Agreements by Leading Recipients
(In Millions of Current U.S. Dollars)

Rank	Recipient	Agreements Value 2001
1	Israel	2,500
2	China	2,100
3	Egypt	2,000
4	Saudi Arabia	900
5	South Korea	800
6	U.A.E.	700
7	India	700
8	Iran	700
9	Singapore	700
10	Kuwait	500

Source: U.S. Government.

Note: All foreign data are rounded to the nearest \$100 million. Where data totals are the same, the actual rank order is maintained.

Arms Deliveries to Near East, 1994-2001: Suppliers and Recipients

Table 2H gives the values of arms delivered to Near East nations by suppliers or categories of suppliers for the periods 1994-1997 and 1998-2001. These values are expressed in current U. S. dollars. They are a subset of the data contained in Table 2 and Table 2C. Among the facts reflected by this Table are the following:

- For the most recent period, 1998-2001, the principal arms recipients of the United States in the Near East region, based on the value of their arms deliveries were Saudi Arabia (\$12.8 billion), Israel (\$3.8 billion), Egypt (\$3.1 billion), and Kuwait (\$1.5 billion). The principal arms recipients of Russia were Iran (\$500 million), Algeria (\$400 million), Syria and the U.A.E. (\$300 million each). The principal arms recipient of China was Kuwait (\$200 million). The principal arms recipients of the four major West European suppliers, as a group, were Saudi Arabia (\$14.6 billion), the U.A.E. (\$2 billion), Qatar (\$1.2 billion), and Israel (\$900 million). The principal arms recipient of all other European suppliers collectively was Saudi Arabia (\$1.8 billion). The principal arms recipient of all other suppliers, as a group, was Jordan (\$200 million).

- For the period 1998-2001, Saudi Arabia received \$29.3 billion in arms deliveries. Its principal suppliers were the United States (\$12.8 billion), and the four major West Europeans, as a group (\$14.6 billion). Israel received \$4.8 billion in arms deliveries. Its principal supplier was the United States (\$3.8 billion). Egypt received \$3.5 billion in arms deliveries. Its principal supplier was the United States (\$3.1 billion). The U.A.E. received \$3.4 billion in arms deliveries. Its principal suppliers were the four major West Europeans, as a group (\$2 billion). Kuwait received \$2.4 billion in arms deliveries. Its principal suppliers were the United States (\$1.5 billion), and the four major West Europeans collectively, (\$600 million). Iran received \$900 million in arms deliveries. Its principal supplier was Russia (\$500 million).

- The value of United States arms deliveries to Saudi Arabia declined from \$13.9 billion in 1994-1997 to \$12.8 billion in 1998-2001, as implementation of orders placed during the Persian Gulf War era continued to be concluded.

- The value of Russian arms deliveries to Iran declined from the 1994-1997 period to the 1998-2001 period. Russian arms deliveries fell from \$700 million to \$500 million.

-
- Chinese arms deliveries to Iran dropped dramatically from 1994-1997 to 1998-2001, falling from \$900 million in 1994-1997 to \$100 million in 1998-2001.

Arms Deliveries to Developing Nations, 1994-2001: The Leading Recipients

Table 2I gives the values of arms deliveries made to the top ten recipients of arms in the developing world from 1994-2001 by all suppliers collectively. The Table ranks recipients on the basis of the total current dollar values of their respective deliveries from all suppliers for each of three periods-1994-1997, 1998-2001 and 1994-2001. Among the facts reflected in this Table are the following:

- Saudi Arabia and Taiwan were the top two developing world recipients of arms from 1994-2001, receiving deliveries valued at \$65 billion and \$20.7 billion, respectively, during these years. The total value of all arms deliveries to developing nations from 1994-2001 was \$189.8 billion in current dollars (see Table 2). Thus, Saudi Arabia and Taiwan were responsible for 34.2 percent and 10.9 percent, respectively, of all developing world deliveries during these years-together 45.1 percent of the total. In the most recent period-1998-2001-Saudi Arabia and Taiwan ranked first and second in the value of arms received by developing nations (\$29.3 billion and \$10.1 billion, respectively, in current dollars). Together, Saudi Arabia and Taiwan accounted for 44.9 percent of all developing world arms deliveries (\$39.4 billion out of nearly \$87.7 billion-the value of all deliveries to developing nations in 1998-2001 (in current dollars).

- For the 1998-2001 period, Saudi Arabia alone received \$29.3 billion in arms deliveries (in current dollars) or 33.4 percent of all deliveries to developing nations during this period.

- During 1994-1997, the top ten recipients collectively accounted for 76.9 percent of all developing world arms deliveries. During 1998-2001, the top ten recipients collectively accounted for 74.6 percent of all such deliveries (Tables 2 and 2I).

Arms Transfers to Developing Nations in 2001: Agreements With Leading Recipients

Table 2J names the top ten developing world recipients of arms transfer agreements in 2001. The Table ranks these recipients on the basis of the total current dollar values of their respective agreements with all suppliers in 2001. Among the facts reflected in this Table are the following:

- Saudi Arabia was the leading recipient of arms deliveries in 2001 among developing nations, receiving \$4.8 billion in such deliveries, or 33.3 percent. China ranked second with \$2.2 billion. Taiwan ranked third with \$1.2 billion (Tables 2 and 2J).

- Arms deliveries in 2001 to the top ten developing nation recipients, collectively, constituted \$11.7 billion, or 81.2 percent of all developing nations deliveries. Six of the top ten arms recipients in the developing world in 2001 were in the Asia region; four were in the Near East (Tables 2 and 2J).

Table 2
Arms Transfer Agreements With Developing Nations, By Supplier, 1994-2001
(In Millions of Current U.S. Dollars)

	1994	1995	1996	1997	1998	1999	2000	2001	1994-2001
United States	7,083	10,402	9,639	10,645	10,451	12,343	8,359	6,006	74,928
Russia	1,500	3,000	2,500	2,200	1,900	2,400	3,000	3,400	19,900
France	700	2,300	3,200	6,100	6,400	2,900	1,500	200	23,300
United Kingdom	4,700	4,900	5,800	5,900	3,300	4,400	4,700	3,300	37,000
China	600	800	700	1,000	500	300	600	400	4,900
Germany	900	1,100	700	400	200	700	400	0	4,400
Italy	200	100	100	400	200	400	300	0	1,700
All Other European	2,200	2,300	2,300	3,100	2,000	2,000	1,700	600	16,200
All Others	1,100	1,100	1,300	1,200	800	800	700	500	7,500
Total	18,983	26,002	26,239	30,945	25,751	26,243	21,259	14,406	189,829

*Dollar Inflation

Index: (2001 = 1.00)

0.8401

0.8572

0.8756

0.8947

0.9158

0.9376

0.9617

1

Source: U.S. government.

Note: Developing nations category excludes the U.S., Europe, Canada, Japan, Australia, and New Zealand. All data are for the calendar year given except for U.S. Military Assistance Program (MAP), International Military Education and Training (IMET), and Excess Defense Article data which are included for the particular fiscal year. All amounts given include the values of weapons, spare parts, construction, all associated services, military assistance, excess defense articles, and training programs. Statistics for foreign countries are based upon estimated selling prices. All foreign data are rounded to the nearest \$100 million. The United States total in 2000 includes a \$6.432 billion licensed commercial agreement with the United Arab Emirates for 80 F-16 aircraft.

*Based on Department of Defense price Deflator.

Table 2A
Arms Transfer Agreements With Developing Nations, By Supplier, 1994-2001
(In Millions of Constant 2001 U.S. Dollars)

	1994	1995	1996	1997	1998	1999	2000	2001	1994-2001
United States	8,431	12,135	11,008	11,898	11,412	13,164	8,692	6,006	82,746
Russia	1,786	1,750	3,426	2,459	2,075	2,560	3,119	3,400	20,575
France	833	2,683	3,655	6,818	6,988	3,093	1,560	200	25,830
United Kingdom	5,595	5,483	6,624	6,594	3,603	4,693	4,887	3,300	40,779
China	714	933	799	1,118	546	320	624	400	5,454
Germany	1,071	1,283	799	447	218	747	416	0	4,981
Italy	238	117	114	447	218	427	312	0	1,873
All Other European	2,619	2,683	2,627	3,465	2,184	2,133	1,768	600	18,079
All Others	1,309	1,283	1,485	1,341	874	853	728	500	8,373
Total	22,596	28,350	30,537	34,587	28,118	27,990	22,106	14,406	208,690

Table 2B
Arms Deliveries to Developing Nations, by Supplier, 1994-2001
(Expressed as a Percent of Total, by Year)

	1994	1995	1996	1997	1998	1999	2000	2001
United States	37.31%	40.00%	36.74%	34.40%	40.58%	47.03%	39.32%	4.69%
Russia	7.90%	11.54%	9.53%	7.11%	7.38%	9.15%	14.11%	23.60%
France	3.69%	8.85%	12.20%	19.71%	24.85%	11.05%	7.06%	1.39%
United Kingdom	24.76%	18.84%	22.10%	19.07%	12.82%	16.77%	22.11%	22.91%
China	3.16%	3.08%	2.67%	3.23%	1.94%	1.14%	2.82%	2.78%
Germany	4.74%	4.23%	2.67%	1.29%	0.78%	2.67%	1.88%	0.00%
Italy	1.05%	0.38%	0.38%	1.29%	0.78%	1.52%	1.41%	0.00%
All Other European	11.59%	8.85%	8.77%	10.02%	7.77%	7.62%	8.00%	4.16%
All Others	5.79%	4.23%	4.95%	3.88%	3.11%	3.05%	3.29%	3.47%
Major West European*	34.24%	32.30%	37.35%	41.36%	39.23%	32.01%	32.46%	24.30%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

*Major West European category includes France, United Kingdom, Germany, Italy.

Table 2C
Regional Arms Deliveries by Supplier, 1994-2001
(In Millions of Current U.S. Dollars)

	Asia		Near East		Latin America		Africa	
	1994-1997	1998-2001	1994-1997	1998-2001	1994-1997	1998-2001	1994-1997	1998-2001
United States	10,964	12,613	24,617	22,596	2,230	1,743	116	92
Russia	5,500	7,600	2,800	1,900	200	200	600	1,100
France	5,000	5,400	6,900	5,500	300	200	200	0
United Kingdom	2,600	2,300	18,100	13,300	400	0	100	100
China	1,600	1,000	1,100	400	100	0	300	500
Germany	2,600	100	200	1,000	200	200	0	0
Italy	500	800	100	200	0	0	100	0
All Other European	2,300	1,000	5,600	3,400	1,100	400	300	1,000
All Others	1,500	1,100	800	500	600	200	1,000	700
Major West European* 10,700		8,600	25,300	20,000	900	400	400	100
Total	32,564	31,913	60,217	48,796	5,130	2,943	2,716	3,492

Source: U.S. Government.

Note: All foreign data are rounded to the nearest \$100 million.

*Major West European category included France, United Kingdom, Germany, Italy.

Table 2D
Percentage of Supplier Deliveries Value by Region, 1994-2001

	Asia		Near East		Latin America		Africa		Total	
	1994-1997	1998-2001	1994-1997	1998-2001	1994-1997	1998-2001	1994-1997	1998-2001	1994-1997	1998-2001
United States	28.91%	34.05%	64.91%	61.00%	5.88%	4.71%	0.31%	0.25%	100.00%	100.00%
Russia	60.44%	70.37%	30.77%	17.59%	2.20%	1.85%	6.59%	10.19%	100.00%	100.00%
France	40.32%	48.65%	55.65%	49.55%	2.42%	1.80%	1.61%	0.00%	100.00%	100.00%
United Kingdom	12.26%	14.65%	85.38%	84.71%	1.89%	0.00%	0.47%	0.64%	100.00%	100.00%
China	51.61%	52.63%	35.48%	21.05%	3.23%	0.00%	9.68%	26.32%	100.00%	100.00%
Germany	86.67%	7.69%	6.67%	76.92%	6.67%	15.38%	0.00%	0.00%	100.00%	100.00%
Italy	71.43%	80.00%	14.29%	20.00%	0.00%	0.00%	14.29%	0.00%	100.00%	100.00%
All Other European	24.73%	17.24%	60.22%	58.62%	11.83%	6.90%	3.23%	17.24%	100.00%	100.00%
All Others	38.46%	44.00%	20.51%	20.00%	15.38%	8.00%	25.64%	28.00%	100.00%	100.00%
Major West European*	<u>28.69%</u>	<u>29.55%</u>	<u>67.83%</u>	<u>68.73%</u>	<u>2.41%</u>	<u>1.37%</u>	<u>1.07%</u>	<u>0.34%</u>	<u>100.00%</u>	<u>100.00%</u>
Total	32.36%	36.62%	59.84%	55.99%	5.10%	3.38%	2.70%	4.01%	100.00%	100.00%

*Major West European category includes France, United Kingdom, Germany, Italy.

Table 2E
Percentage of Total Agreements Value by Supplier to Regions, 1994-2001

	Asia		Near East		Latin America		Africa	
	1994-1997	1998-2001	1994-1997	1998-2001	1994-1997	1998-2001	1994-1997	1998-2001
United States	33.66%	39.52%	40.88%	46.31%	43.47%	59.23%	4.27%	2.63%
Russia	16.89%	23.81%	4.65%	3.89%	3.90%	6.80%	22.09%	31.50%
France	15.35%	16.92%	11.46%	11.27%	5.85%	6.80%	7.36%	0.00%
United Kingdom	7.98%	7.21%	30.06%	27.26%	7.80%	0.00%	3.68%	2.86%
China	4.91%	3.13%	1.83%	0.82%	1.95%	0.00%	11.05%	14.32%
Germany	7.98%	0.31%	0.33%	2.05%	3.90%	6.80%	0.00%	0.00%
Italy	1.54%	2.51%	0.17%	0.41%	0.00%	0.00%	3.68%	0.00%
All Other European	7.06%	3.13%	9.30%	6.97%	21.44%	13.59%	11.05%	28.64%
All Others	4.61%	3.45%	1.33%	1.02%	11.70%	6.80%	36.82%	20.05%
Major West European*	32.86%	26.95%	42.01%	40.99%	17.54%	13.59%	14.73%	2.86%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

*Major West European category included France, United Kingdom, Germany, and Italy.

Table 2F
Arms Deliveries to Developing Nations, 1994-2001: Leading Supplier Compared
(In Millions of Current U.S. Dollars)

Rank	Supplier	Agreements Value 1994-1997
1	United States	37,769
2	United Kingdom	21,300
3	France	12,300
4	Russia	9,200
5	Germany	3,100
6	China	3,100
7	Sweden	2,400
8	Israel	1,600
9	South Africa	1,000
10	Canada	1,000
11	Netherlands	1,000

Rank	Supplier	Agreements Value 1998-2001
1	United States	37,159
2	United Kingdom	15,700
3	France	11,000
4	Russia	10,700
5	China	1,800
6	Sweden	1,700
7	Ukraine	1,400
8	Germany	1,300
9	Italy	900
10	Israel	900
11	Belarus	800

Rank	Supplier	Agreements Value 1994-2001
1	United States	74,928
2	United kingdom	37,000
3	France	23,300
4	Russia	19,900
5	China	4,900
6	Germany	4,400
7	Sweden	4,100
8	Israel	2,500
9	Ukraine	2,400
10	Italy	1,700
11	Belarus	1,700

Source: U.S. Government.

Note: All foreign data are rounded to the nearest \$100 million. Where data totals are the same, the actual rank order is maintained.

Table 2G
Arms Deliveries to Developing Nations in 2001: Leading Suppliers Compared
(In Millions of Current U.S. Dollars)

Rank	Supplier	Deliveries Value 2001
1	United States	6,006
2	Russia	3,400
3	United Kingdom	3,300
4	China	400
5	Israel	200
6	France	200
7	Ukraine	200
8	Belgium	100
9	South Korea	100
10	Slovakia	100

Source: U.S. Government.

Note: All foreign data are rounded to the nearest \$100 million. Where data totals are the same, the actual rank order is maintained.

Table 2H
Arms Deliveries to Near East, By Supplier
(In Millions of Current U.S. Dollars)

Recipient Country	<u>U.S.</u>	<u>Russia</u>	<u>China</u>	<u>Major West European*</u>	<u>All Other European</u>	<u>All Others</u>	<u>Total</u>
1994-1997							
Algeria	0	400	100	0	4,200	100	9,500
Bahrain	300	0	0	0	0	0	300
Egypt	4,700	400	0	100	300	100	5,600
Iran	0	700	900	100	300	100	2,100
Iraq	0	0	0	0	0	0	0
Israel	1,700	0	0	200	0	200	2,100
Jordan	200	0	0	0	0	100	300
Kuwait	2,700	800	0	1,300	100	0	4,900
Lebanon	100	0	0	0	0	0	100
Libya	0	0	0	0	0	100	100
Morocco	200	0	0	200	100	0	500
Oman	0	0	0	1,000	100	100	1,200
Qatar	0	0	0	700	0	0	700
Saudi Arabia	13,900	0	100	18,900	3,700	0	36,500
Syria	0	0	0	0	100	200	300
Tunisia	100	0	0	0	100	0	200
U.A.E.	600	300	0	2,900	300	200	4,300
Yemen	0	0	200	0	300	100	600
1998-2001							
Algeria	0	400	100	0	400	0	900
Bahrain	600	0	0	0	0	0	600
Egypt	3,100	200	0	100	0	100	3,500
Iran	0	500	100	100	200	0	900
Iraq	0	0	0	0	0	0	0
Israel	3,800	0	0	900	0	100	4,800
Jordan	300	0	0	0	0	200	500
Kuwait	1,500	0	200	600	0	100	2,400
Lebanon	0	0	0	0	0	0	0
Libya	0	0	0	0	100	100	200
Morocco	100	0	0	0	200	100	400
Oman	0	0	0	0	0	100	100
Qatar	0	0	0	1,200	0	0	1,200
Saudi Arabia	12,800	0	0	14,600	1,800	100	29,300
Syria	0	300	0	100	100	0	500
Tunisia	0	0	0	0	0	0	0
U.A.E.	600	300	0	2,000	500	0	3,400
Yemen	0	0	0	100	100	100	300

Source: U.S. Government.

Note: 0=data less than \$50 million or nil. All data are rounded to nearest \$100 million.

*Major West European includes France, United Kingdom, Germany, and Italy totals as an aggregate figure.

Table 2I
Arms Deliveries to Developing Nations, 1994-2001: The Leading Recipients
(In Millions of Current U.S. Dollars)

Rank	Recipient	Deliveries Value 1994-1997
1	Saudi Arabia	36,500
2	Taiwan	10,600
3	Egypt	5,600
4	South Korea	4,900
5	Kuwait	4,900
6	U.A.E.	4,300
7	China	2,900
8	Iran	2,100
9	Israel	2,100
10	Malaysia	2,100

Rank	Recipient	Deliveries Value 1998-2001
1	Saudi Arabia	29,300
2	Taiwan	10,100
3	China	5,100
4	Israel	4,800
5	South Korea	4,700
6	Egypt	3,500
7	U.A.E.	3,400
8	Kuwait	2,400
9	Malaysia	2,100
10	India	2,000

Rank	Recipient	Deliveries Value 1994-2001
1	Saudi Arabia	65,000
2	Taiwan	20,700
3	South Korea	9,600
4	Egypt	9,100
5	China	8,000
6	U.A.E.	7,700
7	Kuwait	7,300
8	Israel	6,900
9	Malaysia	4,200
10	Indonesia	3,100

Source: U.S. Government.

Note: All foreign data are rounded to the nearest \$100 million. Where data totals are the same, the actual rank order is maintained.

Table 2J.
Arms Deliveries to Developing Nations in 2001: The Leading Recipients
(In Millions of Current U.S. Dollars)

Rank	Recipient	Deliveries Value 2001
1	Saudi Arabia	4,800
2	China	2,200
3	Taiwan	1,200
4	South Korea	900
5	Egypt	700
6	Israel	600
7	India	500
8	Kuwait	400
9	Pakistan	200
10	Sri Lanka	200

Source: U.S. Government.

Note: All foreign data are rounded to the nearest \$100 million. Where data totals are the same, the actual rank order is maintained

Selected Weapons Deliveries to Developing Nations, 1994-2001

Other useful data for assessing arms transfers are those that indicate who has actually delivered specific numbers of specific classes of military items to a region. These data are relatively “hard” in that they reflect actual transfers of military equipment. They have the limitation of not giving detailed information regarding either the sophistication or the specific name of the equipment delivered. However, these data show relative trends in the delivery of important classes of military equipment and indicate who the leading suppliers are from region to region over time. Data in the following tables set out actual deliveries of fourteen categories of weaponry to developing nations from 1994-2001 by the United States, Russia, China, the four major West European suppliers as a group, all other European suppliers as a group, and all other suppliers as a group (Tables 3, 4, 5, 6, and 7).

A note of caution is warranted regarding the quantitative data within these specific tables. Aggregate data on weapons categories delivered by suppliers do not provide precise indices of the quality and/or quantity of the weaponry delivered. The history of recent conventional conflicts suggests that quality and/or sophistication of weapons can offset quantitative advantage. Further, these data do not provide an indication of the relative capabilities of the recipient nations to use effectively the weapons delivered to them. Superior training, coupled with good equipment, tactical proficiency, and sound logistics may, in the last analysis, be a more important factor in a nation’s ability to engage successfully in conventional warfare than the size of its weapons inventory.

Table 3
Numbers of Weapons Delivered by Major Suppliers to Developing Nations

Weapons Category	U.S.	Russia	China	Major West European	All Other European	All Others
1994-1997						
Tanks and Self-Propelled Guns	1,657	200	170	310	550	60
Artillery	195	450	100	150	260	610
APCs and Armored Cars	3,043	1,200	90	900	2,700	100
Major Surface Combatants	3	2	4	47	2	1
Minor Surface Combatants	55	12	11	39	33	42
Guided Missile Boats	0	0	21	4	0	5
Submarines	0	5	0	8	0	2
Supersonic Combat Aircraft	201	100	80	30	70	70
Subsonic Combat Aircraft	69	10	0	50	30	20
Other Aircraft	37	60	70	50	240	80
Helicopters	207	280	0	60	90	50
Surface-to-Air Missiles	1,674	2,020	560	1,230	2,440	330
Surface-to-Surface Missiles	0	0	0	0	0	10
Anti-Ship Missiles	491	70	240	40	0	10
Weapons Category	U.S.	Russia	China	Major West European	All Other European	All Others
1998-2001						
Tanks and Self-Propelled Guns	462	300	290	360	1,600	140
Artillery	228	220	190	20	560	940
APCs and Armored Cars	317	830	400	220	670	670
Major Surface Combatants	8	3	0	5	9	4
Minor Surface Combatants	2	2	25	24	100	57
Guided Missile Boats	0	0	1	14	0	0
Submarines	0	4	0	6	1	0
Supersonic Combat Aircraft	311	210	60	70	90	80
Subsonic Combat Aircraft	2	10	0	40	10	20
Other Aircraft	47	70	70	30	90	70
Helicopters	153	300	10	50	110	10
Surface-to-Air Missiles	1,506	960	510	1,720	1,180	190
Surface-to-Surface Missiles	0	0	0	0	0	30
Anti-Ship Missiles	301	180	120	250	0	10

Source: U.S. Government.

Note: Developing nations category excludes the U.S., Russia, Europe, Canada, Japan, Australia and New Zealand. All data are for calendar years given. Major West European includes France, United Kingdom, Germany, and Italy totals as an aggregate figure. Data relating to surface-to-surface and anti-ship missiles by foreign suppliers are estimates based on a variety of sources having a wide range of accuracy. As such, individual data entries in these two weapons delivery categories are not necessarily definitive.

Table 4
Number of Weapons Delivered by Major Suppliers to Asia and the Pacific

Weapons Category	U.S.	Russia	China	Major West European	All Other European	All Others
1994-1997						
Tanks and Self-Propelled Guns	325	30	170	0	210	40
Artillery	32	380	70	50	40	460
APCs and Armored Cars	55	40	90	290	130	70
Major Surface Combatants	1	2	4	38	1	1
Minor Surface Combatants	12	12	6	13	0	23
Guided Missile Boats	0	0	6	0	0	0
Submarines	0	2	0	8	0	2
Supersonic Combat Aircraft	85	90	70	20	0	60
Subsonic Combat Aircraft	30	10	0	50	10	10
Other Aircraft	20	20	50	40	100	30
Helicopters	72	70	0	20	30	20
Surface-to-Air Missiles	221	1,130	240	1,130	90	50
Surface-to-Surface Missiles	0	0	0	0	0	10
Anti-Ship Missiles	192	70	90	0	0	0
Weapons Category	U.S.	Russia	China	Major West European	All Other European	All Others
1998-2001						
Tanks and Self-Propelled Guns	280	40	90	0	230	20
Artillery	193	10	140	0	50	500
APCs and Armored Cars	48	250	360	30	90	170
Major Surface Combatants	6	3	0	3	0	4
Minor Surface Combatants	0	2	16	7	8	31
Guided Missile Boats	0	0	0	0	0	0
Submarines	0	4	0	2	1	0
Supersonic Combat Aircraft	230	140	40	60	10	70
Subsonic Combat Aircraft	0	0	0	40	0	0
Other Aircraft	4	50	30	10	0	30
Helicopters	75	170	0	10	10	0
Surface-to-Air Missiles	1,228	940	330	1,630	100	20
Surface-to-Surface Missiles	0	0	0	0	0	0
Anti-Ship Missiles	235	150	20	60	0	0

Source: U.S. Government.

Note: Asia and Pacific category excludes Japan, Australia and New Zealand. All data are for calendar years given. Major West European includes France, United Kingdom, Germany, and Italy totals as an aggregate figure. Data relating to surface-to-surface and anti-ship missiles by foreign suppliers are estimates based on a variety of sources having a wide range of accuracy. As such, individual data entries in these two weapons delivery categories are not necessarily definitive.

Table 5
Numbers of Weapons Delivered by Major Suppliers to Near East

Weapons Category	U.S.	Russia	China	Major West European	All Other European	All Others
1994-1997						
Tanks and Self-Propelled Guns	1,332	130	0	280	220	0
Artillery	124	40	30	10	140	60
APCs and Armored Cars	2,926	700	0	390	1,950	0
Major Surface Combatants	0	0	0	2	1	0
Minor Surface Combatants	13	0	3	19	18	3
Guided Missile Boats	0	0	15	2	0	0
Submarines	0	3	0	0	0	0
Supersonic Combat Aircraft	116	10	10	10	20	0
Subsonic Combat Aircraft	0	0	0	0	0	0
Other Aircraft	3	20	10	0	50	40
Helicopters	72	90	0	20	30	0
Surface-to-Air Missiles	1,358	140	130	0	0	20
Surface-to-Surface Missiles	0	0	0	0	0	0
Anti-Ship Missiles	287	0	150	20	0	0

Weapons Category	U.S.	Russia	China	Major West European	All Other European	All Others
1998-2001						
Tanks and Self-Propelled Guns	182	240	0	280	270	10
Artillery	6	20	30	0	0	0
APCs and Armored Cars	254	410	40	70	240	30
Major Surface Combatants	0	0	0	0	1	0
Minor Surface Combatants	0	0	0	1	3	8
Guided Missile Boats	0	0	1	10	0	0
Submarines	0	0	0	3	0	0
Supersonic Combat Aircraft	81	30	0	10	30	0
Subsonic Combat Aircraft	0	0	0	0	0	0
Other Aircraft	21	10	10	0	30	0
Helicopters	42	40	0	30	20	0
Surface-to-Air Missiles	278	20	170	0	280	10
Surface-to-Surface Missiles	0	0	0	0	0	30
Anti-Ship Missiles	57	30	100	160	0	10

Source: U.S. Government.

Note: All data for calendar years given. Major West European includes France, United Kingdom, Germany, and Italy totals as an aggregate figure. Data relating to surface-to-surface and anti-ship missiles by foreign suppliers are estimates based on a variety of sources having a wide range of accuracy. As such, individual data entries in these two weapons delivery categories are not necessarily definitive.

Table 6
Numbers of Weapons Delivered by Major Suppliers to Latin America

Weapons Category	U.S.	Russia	China	Major West European	All Other European	All Others
1994-1997						
Tanks and Self-Propelled Guns	0	0		20	40	10
Artillery	38	0	0	80	10	30
APCs and Armored Cars	57	30	0	20	530	10
Major Surface Combatants	2	0	0	7	0	0
Minor Surface Combatants	28	0	0	6	12	7
Guided Missile Boats	0	0	0	2	0	4
Submarines	0	0	0	0	0	0
Supersonic Combat Aircraft	0	0	0	0	40	10
Subsonic Combat Aircraft	39	0	0	0	20	0
Other Aircraft	6	20	0	0	20	0
Helicopters	63	70	0	0	10	10
Surface-to-Air Missiles	95	750	190	60	1,390	260
Surface-to-Surface Missiles	0	0	0	0	0	0
Anti-Ship Missiles	12	0	0	20	0	10

Weapons Category	U.S.	Russia	China	Major West European	All Other European	All Others
1998-2001						
Tanks and Self-Propelled Guns	0	0	0	80	320	0
Artillery	29	0	0	20	50	50
APCs and Armored Cars	15	0	0	120	40	0
Major Surface Combatants	2	0	0	2	8	0
Minor Surface Combatants	0	0	4	2	85	0
Guided Missile Boats	0	0	0	4	0	0
Submarines	0	0	0	1	0	0
Supersonic Combat Aircraft	0	0	0	0	0	0
Subsonic Combat Aircraft	2	0	0	0	0	20
Other Aircraft	14	10	0	20	40	30
Helicopters	36	20	0	10	20	0
Surface-to-Air Missiles	0	0	10	90	460	0
Surface-to-Surface Missiles	0	0	0	0	0	0
Anti-Ship Missiles	9	0	0	30	0	0

Source: U.S. Government.

Note: All data for calendar years given. Major West European includes France, United Kingdom, Germany, and Italy totals as an aggregate figure. Data relating to surface-to-surface and anti-ship missiles by foreign suppliers are estimates based on a variety of sources having a wide range of accuracy. As such, individual data entries in these two weapons delivery categories are not necessarily definitive.

Table 7
Number of Weapons Delivered by Major Suppliers to Africa

WeaponsCategory	U.S.	Russia	China	Major West European	All Other European	All Others
1994-1997						
Tanks and Self-Propelled Guns	0	40	0	10	80	10
Artillery	1	30	0	10	70	60
APCs and Armored Cars	5	430	0	200	90	20
Major Surface Combatants	0	0	0	0	0	0
Minor Surface Combatants	2	0	2	1	3	9
Guided Missile Boats	0	0	0	0	0	1
Submarines	0	0	0	0	0	0
Supersonic Combat Aircraft	0	0	0	0	10	0
Subsonic Combat Aircraft	0	0	0	0	0	10
Other Aircraft	8	0	10	10	70	10
Helicopters	0	50	0	20	20	20
Surface-to-Air Missiles	0	0	0	40	960	0
Surface-to-Surface Missiles	0	0	0	0	0	0
Anti-Ship Missiles	0	0	0	0	0	0
WeaponsCategory	U.S.	Russia	China	Major West European	All Other European	All Others
1998-2001						
Tanks and Self-Propelled Guns	0	20	200	0	780	110
Artillery	0	190	20	0	460	390
APCs and Armored Cars	0	170	0	0	300	470
Major Surface Combatants	0	0	0	0	0	0
Minor Surface Combatants	2	0	5	14	4	18
Guided Missile Boats	0	0	0	0	0	0
Submarines	0	0	0	0	0	0
Supersonic Combat Aircraft	0	40	20	0	50	10
Subsonic Combat Aircraft	0	10	0	0	10	0
Other Aircraft	8	0	30	0	20	10
Helicopters	0	70	10	0	60	10
Surface-to-Air Missiles	0	0	0	0	340	160
Surface-to-Surface Missiles	0	0	0	0	0	0
Anti-Ship Missiles	0	0	0	0	0	0

Source: U.S. Government.

Note: All data are for calendar years given. Major West European includes France, United Kingdom, Germany, and Italy totals as an aggregate figure. Data relating to surface-to-surface and anti-ship missiles by foreign suppliers are estimates based on a variety of sources having a wide range of accuracy. As such, individual data entries in these two weapons delivery categories are not necessarily definitive.

Worldwide Arms Transfer Agreements and Deliveries Values, 1994-2001

Tables 8, 8A, and 8B and Tables 9, 9A and 9B, provide the total dollar values for arms transfer agreements and arms deliveries worldwide for the years 1994-2001 in the same format and detail as do Tables 1, 1A and 1B and Tables 2, 2A and 2B for arms transfer agreements with and arms deliveries to developing nations. Tables 8C, 8D, 9C and 9D provide a list of the top eleven arms suppliers to the world based on the total values (in current dollars) of their arms transfer agreements with and arms deliveries worldwide during calendar years 1994-1997, 1998-2001, and 2001. These tables are set out in the same format and detail as Tables 1F, 2F 1G, and 2G for arms transfer agreements with and arms deliveries to developing nations respectively.

Total Worldwide Arms Transfer Agreements Values, 1994-2001

Table 8 shows the annual current dollar values of arms transfer agreements worldwide. Since these figures do not allow for the effects of inflation, they are, by themselves, of limited use. They provide, however, the data from which Tables 8A (constant dollars) and 8B (supplier percentages) are derived. Some of the more notable facts reflected by these data are summarized below. Unless otherwise noted, dollar values are expressed in constant 2001 U.S. dollars.

- The United States ranked first among all suppliers to the world in the value of arms transfer agreements from 1998-2001, and first for the entire period from 1994-2001 (Figure 1) (Table 8C).
- Russia ranked second among all suppliers to the world in the value of arms transfer agreements from 1998-2001, and second from 1994-2001.
- France ranked third among all suppliers to the world in the value of arms transfer agreements from 1998-2001, and third from 1994-2001.
- In 2001, the value of all arms transfer agreements worldwide was \$26.4 billion. This is the lowest total for worldwide arms transfer agreements for any year since 1997.
- In 2001, the United States was the leader in arms transfer agreements with the world, making \$12.1 billion in such agreements, or 45.8 percent of all arms transfer agreements. Russia ranked second with \$5.8 billion in arms transfer agreements, or 22 percent of all arms transfer agreements. France ranked third with \$2.9 billion or 11.1 percent. United States agreements' decreased significantly notably from \$18.9 billion in 2000 to \$12.1 billion in 2001, although the U.S. share of agreements only fell from 47.3 percent to 45.8 percent. Russia's arms transfer agreements also fell significantly from \$8.4 billion in 2000 to \$5.8 billion in 2001 (Tables 8A, 8B, and 8D).
- The United States, Russia and France, the top three arms suppliers to the world in 2001 respectively-ranked by the value of their arms transfer agreements collectively made agreements in 2001 valued at nearly \$20.8 billion, 78.8 percent of all arms transfer agreements made with the world by all suppliers.
- The total value of all arms transfer agreements worldwide from 1998-2001 (\$133.1 billion) was slightly higher than the value of arms transfer agreements by all suppliers worldwide from 1994-1997 (\$128.2 billion), an increase of 3.9 percent (Figure 1).
- During the period from 1994-1997, developing world nations accounted for 70.8 percent of all arms transfer agreements made worldwide. During 1998-2001, developing world nations accounted for 65.8 percent of all agreements made worldwide (Figure 1).

-
- In 2001, developing nations were recipients of 60.5 percent of all arms transfer agreements made worldwide (Figure 1).

Total Worldwide Delivery Values 1994-2001

Table 9 shows the annual current dollar values of arms deliveries (items actually transferred) worldwide by major suppliers from 1994-2001. The utility of these data is that they reflect transfers that have occurred. They provide the data from which Tables 9A (constant dollars) and 9B (supplier percentages) are derived. Some of the more notable facts illustrated by these data are summarized below. Unless otherwise noted, the dollar values are expressed in constant 2001 U.S. dollars.

- In 2001, the United States ranked first in the value of arms deliveries worldwide, making \$9.7 billion in such deliveries. This is the eighth year in a row that United States has led in such deliveries, reflecting implementation of arms agreements concluded during and immediately after the Persian Gulf war. The U.S. total is a substantial decline from 2000 when its delivery values totaled over \$13.5 billion (Figure 2) (Tables 9A and 9D).

- The United Kingdom ranked second in arms deliveries worldwide in 2001, making \$4 billion in such deliveries.

- Russia ranked third in arms deliveries worldwide in 2001, making \$3.6 billion in such deliveries.

- In 2001, the top three suppliers of arms to the world, the United States, the United Kingdom, and Russia, collectively delivered nearly \$17.3 billion, 81.2 percent of all arms deliveries made worldwide by all suppliers (Table 9D).

- The U.S. share of all arms deliveries worldwide in 2001 was 45.6 percent, up slightly from its 41.6 percent share in 2000. The United Kingdom's share in 2001 was 18.8 percent up from 17.9 percent in 2000. Russia's share of world arms deliveries in 2001 was 16.9 percent, up from 11.5 percent in 2000 (Table 9B).

- In 2001, the value of all arms deliveries worldwide was over \$21.3 billion, a significant decline in the total value of deliveries in 2000 (\$32.6 billion in constant 2001 dollars), and the lowest deliveries total by far during the entire period from 1994-2001 (Chart 7) (Table 9A).

- During the period from 1994-1997, developing world nations accounted for 70 percent of all arms deliveries received worldwide. During 1998-2001, developing world nations accounted for 68.7 percent of all deliveries worldwide (Figure 2).

- In 2001, developing nations as recipients of arms accounted for 67.6 percent of all arms deliveries received worldwide (Figure 2).

- The total value of all arms deliveries by all suppliers worldwide from 1998-2001 (\$134.9 billion) was a significant decrease from the value of arms deliveries by all suppliers worldwide from 1994-1997 (\$165.8 billion in constant dollars), a decline of 18.6 percent (Figure 2)(Table 9A).

Table 8
Arms Transfer Agreements with the World, by Supplier, 1994-2001
(In millions of current U.S. dollars)

	1994	1995	1996	1997	1998	1999	2000	2001	1994-2001
United States	12,409	8,808	10,686	6,947	10,193	11,872	18,205	12,088	91,208
Russia	3,800	7,500	4,600	3,500	2,400	4,200	8,100	5,800	39,900
France	8,700	2,700	2,500	4,700	3,300	1,500	4,100	2,900	30,400
United Kingdom	700	800	5,000	1,000	2,000	1,300	600	400	11,800
China	800	200	900	1,300	1,100	2,500	600	600	8,000
Germany	1,400	400	200	600	5,000	3,600	1,100	1,000	13,300
Italy	100	900	400	500	900	900	100	200	4,000
All Other European	2,400	2,200	3,900	1,900	1,900	6,200	3,800	1,700	24,000
All Others	700	2,100	3,300	2,300	1,800	1,200	1,900	1,700	15,000
Total	31,009	25,608	31,486	22,747	28,593	33,272	38,505	26,388	237,608
Dollar inflation index (2001=1.00)*	0.8401	0.8572	0.8756	0.8947	0.9158	0.9376	0.9617	1	

Source: U.S. Government.

Note: All data are for the calendar year given, except for U.S. MAP (Military Assistance Program) IMET (International Military Education and Training), and excess defense articles, which are included for the particular fiscal year. All amounts given include the values of weapons and ammunition, military spare parts, military construction, excess defense articles, military assistance and training programs, and all associated services. Statistics for foreign countries are based upon estimated selling prices. All foreign data are rounded to the nearest \$100 million. The U.S. total in 2000 includes a \$6.432 billion licensed commercial agreement with the United Arab Emirates for 80 F-16 aircraft. *Based on Department of Defense Price Deflator.

Table 8A
Arms Transfer Agreements with the World, by Supplier, 1994-2001
(In Millions of Constant 2001 U.S. Dollars)

	1994	1995	1996	1997	1998	1999	2000	2001	1994-2001
United States	14,771	10,275	12,204	7,765	11,130	12,662	18,930	12,088	99,825
Russia	4,523	8,749	5,254	3,912	2,621	4,480	8,423	5,800	43,762
France	10,356	3,150	2,855	5,253	3,603	1,600	4,263	2,900	33,980
United Kingdom	833	933	5,710	1,118	2,184	1,387	624	400	13,189
China	952	233	1,028	1,453	1,201	2,666	624	600	8,757
Germany	1,666	467	228	671	5,460	3,840	1,144	1,000	14,476
Italy	119	1,050	457	559	983	960	104	200	4,432
All Other European	2,857	2,566	4,454	2,124	2,075	6,613	3,951	1,700	26,340
All Others	833	2,450	3,769	2,571	1,965	1,280	1,976	1,700	16,544
Total	36,910	29,873	35,959	25,426	31,222	35,488	40,039	26,388	261,305

Table 8B
Arms Transfer Agreements with the World, by Supplier, 1994-2001
(Expressed as a Percent of Total, by Year)

	1994	1995	1996	1997	1998	1999	2000	2001
United States	40.02%	34.40%	33.94%	30.54%	35.65%	35.68%	47.28%	45.81%
Russia	12.25%	29.29%	14.61%	15.39%	8.39%	12.62%	21.04%	21.98%
France	28.06%	10.54%	7.94%	20.66%	11.54%	4.51%	10.65%	10.99%
United Kingdom	2.26%	3.12%	15.88%	4.40%	6.99%	3.91%	1.56%	1.52%
China	2.58%	0.78%	2.86%	5.72%	3.85%	7.51%	1.56%	2.27%
Germany	4.51%	1.56%	0.64%	2.64%	17.49%	10.82%	2.86%	3.79%
Italy	0.32%	3.51%	1.27%	2.20%	3.15%	2.70%	0.26%	0.76%
All Other European	7.74%	8.59%	12.39%	8.35%	6.64%	18.63%	9.87%	6.44%
All Others	2.26%	8.20%	10.48%	10.11%	6.30%	3.61%	4.93%	6.44%
Major West European*	35.15%	18.73%	25.73%	29.90%	39.17%	21.94%	15.33%	17.06%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

*Major West European category includes France, United Kingdom, Germany, and Italy.

Table 8C.
Arms Transfer Agreements with the World, 1994-2001:
Leading Suppliers Compared
(In Millions of Current U.S. Dollars)

Rank	Supplier	Agreements Value 1994-1997
1	United States	38,850
2	Russia	19,400
3	France	18,600
4	United Kingdom	7,500
5	China	3,200
6	Germany	2,600
7	Israel	2,500
8	South Africa	2,500
9	Italy	1,900
10	Ukraine	1,700
11	Netherlands	1,500

Rank	Supplier	Agreements Value 1998-2001
1	United States	52,358*
2	Russia	20,500
3	France	11,800
4	Germany	10,700
5	China	4,800
6	United Kingdom	4,300
7	Sweden	3,600
8	Israel	2,800
9	Spain	2,200
10	Italy	2,100
11	Ukraine	1,900

Rank	Supplier	Agreements Value 1994-2001
1	United States	91,208*
2	Russia	39,900
3	France	30,400
4	Germany	13,300
5	United Kingdom	11,800
6	China	8,000
7	Israel	5,300
8	Sweden	4,600
9	Italy	4,000
10	Ukraine	3,600
11	South Africa	3,000

Source: U.S. Government.

Note: All foreign data are rounded to the nearest \$100 million. Where data totals are the same, the actual rank order is maintained. *The U.S. total includes a \$6.432 billion licensed commercial agreement with the United Arab Emirates in 2000 for 80 F-16 aircraft.

Table 8D
Arms Transfer Agreements with the World in 2001: Leading Suppliers Compared
(In Millions of Current U.S. Dollars)

Rank	Supplier	Agreements Value 2001
1	United States	12,088
2	Russia	5,800
3	France	2,900
4	Germany	1,000
5	Israel	700
6	China	600
7	United Kingdom	400
8	Spain	400
9	Sweden	400
10	Brazil	300
11	South Korea	200

Source: U.S. Government.

Note: All foreign data are rounded to the nearest \$100 million. Where data totals are the same, the actual rank order is maintained.

Table 9
Arms Deliveries to the World, by Supplier, 1994-2001
(In Millions of Current U.S. Dollars)

	1994	1995	1996	1997	1998	1999	2000	2001	Total 1994-2001
United States	13,328	15,933	14,833	16,522	16,886	18,209	13,019	9,702	118,432
Russia	1,800	3,500	3,200	2,500	2,100	3,000	3,600	3,600	23,300
France	1,200	3,000	3,800	6,700	7,100	3,600	2,000	1,000	28,400
United Kingdom	5,200	5,300	6,500	6,800	3,800	5,000	5,600	4,000	42,200
China	600	800	700	1,100	600	400	700	500	5,400
Germany	1,700	2,000	1,900	1,200	1,500	2,100	1,200	100	11,700
Italy	200	200	100	400	200	600	500	0	2,200
All Other European	3,500	3,500	3,400	4,400	3,200	2,900	2,800	1,100	24,800
All Others	1,900	2,000	1,900	2,400	1,700	2,200	1,900	1,300	15,300
Total	29,428	36,233	36,333	42,022	37,086	38,009	31,319	21,302	271,732
Dollar inflation index (2001=1.00)*	0.8401	0.8572	0.8756	0.8947	0.9158	0.9376	0.9617	1	

Source: U.S. Government.

Note: All data are for the calendar year given, except for U.S. MAP (Military Assistance Program), IMET (International Military Education and Training), excess defense articles, and commercially licensed deliveries, which are included for the particular fiscal year. All amounts given include the values of weapons and ammunition, military spare parts, military construction, excess defense articles, military assistance and training programs, and all associated services. Statistics for foreign countries are based upon estimated selling prices. All foreign data are rounded to the nearest \$100 million.

*Based on Department of Defense Price Deflator.

Table 9A
Arms Deliveries to the World, by Supplier, 1994-2001
(In Millions of Constant 2001 U.S. Dollars)

	1994	1995	1996	1997	1998	1999	2000	2001	Total 1994-2001
United States	15,865	18,587	16,940	18,467	18,439	19,421	13,537	9,702	130,958
Russia	2,143	4,083	3,655	2,794	2,293	3,200	3,743	3,600	25,511
France	1,428	3,500	4,340	7,489	7,753	3,840	2,080	1,000	31,430
United Kingdom	6,190	6,183	7,423	7,600	4,149	5,333	5,823	4,000	46,701
China	714	933	799	1,229	655	427	728	500	5,985
Germany	2,024	2,333	2,170	1,341	1,638	2,240	1,248	100	13,094
Italy	238	233	114	447	218	640	520	0	2,410
All Other European	4,166	4,083	3,883	4,918	3,494	3,093	2,912	1,100	27,649
All Others	2,262	2,333	2,170	2,682	1,856	2,346	1,976	1,300	16,925
Total	35,030	42,268	41,494	46,967	40,495	40,540	32,567	21,302	300,663

Table 9B
Arms Deliveries to the World, by Supplier 1994-2001
(Expressed as a Percent of Total, By Year)

	1994	1995	1996	1997	1998	1999	2000	2001
United States	45.29%	43.97%	40.83%	39.32%	45.53%	47.91%	41.57%	45.55%
Russia	6.12%	9.66%	8.81%	5.95%	5.66%	7.89%	11.49%	16.90%
France	4.08%	8.28%	10.46%	15.94%	19.14%	9.47%	6.39%	4.69%
United Kingdom	17.67%	14.63%	17.89%	16.18%	10.25%	13.15%	17.88%	18.78%
China	2.04%	2.21%	1.93%	2.62%	1.62%	1.05%	2.24%	2.35%
Germany	5.78%	5.52%	5.23%	2.86%	4.04%	5.53%	3.83%	0.47%
Italy	0.68%	0.55%	0.28%	0.95%	0.54%	1.58%	1.60%	0.00%
All Other European	11.89%	9.66%	9.36%	10.47%	8.63%	7.63%	8.94%	5.16%
All Others	6.46%	5.52%	5.23%	5.71%	4.58%	5.79%	6.07%	6.10%
Major West European*	28.20%	28.98%	33.85%	35.93%	33.98%	29.73%	29.69%	23.94%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

*Major West European category includes France, United Kingdom, Germany, and Italy.

Table 9C
Arms Deliveries to the World, 1994-2001: Leading Suppliers Compared
(In Millions of Current U.S. Dollars)

Rank	Supplier	Deliveries Value 1994-1997
1	United States	60,616
2	United Kingdom	23,800
3	France	14,700
4	Russia	11,000
5	Germany	6,800
6	Sweden	3,900
7	China	3,200
8	Israel	2,300
9	Canada	1,600
10	Spain	1,500
11	Netherlands	1,300

Rank	Supplier	Deliveries Value 1998-2001
1	United States	57,816
2	United Kingdom	18,400
3	France	13,700
4	Russia	12,300
5	Germany	4,900
6	Sweden	2,500
7	China	2,200
8	Ukraine	1,900
9	Israel	1,800
10	Italy	1,300
11	Belarus	900

Rank	Supplier	Deliveries Value 1994-2001
1	United States	118,432
2	United Kingdom	42,200
3	France	28,400
4	Russia	23,300
5	Germany	11,700
6	Sweden	6,400
7	China	5,400
8	Israel	4,100
9	Ukraine	2,900
10	Italy	2,200
11	Canada	1,900

Source: U.S. Government.

Note: All foreign data are rounded to the nearest \$100 million. Where data totals are the same, the actual rank order is maintained.

**Table 9D. Arms Deliveries to the World in 2001:
Leading Suppliers Compared
(In Millions of Current U.S. Dollars)**

Rank	Supplier	Deliveries Value 2001
1	United States	9,702
2	United Kingdom	4,000
3	Russia	3,600
4	France	1,000
5	China	500
6	Israel	300
7	Ukraine	200
8	Slovakia	100
9	Belgium	100
10	Greece	100
11	South Korea	100

Source: U.S. Government.

Note: All foreign data are rounded to the nearest \$100 million. Where data totals are the same, the actual rank order is maintained.

Regions Identified in Arms Transfer Tables and Charts

<u>Asia</u>	<u>Near East</u>	<u>Europe</u>	<u>Africa</u>	<u>Latin America</u>
Afghanistan	Algeria	Albania	Angola	Antigua
Australia	Bahrain	Armenia	Benin	Argentina
Bangladesh	Egypt	Austria	Botswana	Bahamas
Brunei	Iran	Azerbaijan	Burkina Faso	Barbados
Burma (Myanmar)	Iraq	Belarus	Burundi	Belize
China	Israel	Bosnia/Herzegovina	Cameroon	Bermuda
Fiji	Jordan	Bulgaria	Cape Verde	Bolivia
India	Kuwait	Belgium	Central African Republic	Brazil
Indonesia	Lebanon	Canada	Chad	British Virgin Islands
Japan	Libya	Croatia	Congo	Cayman Islands
Kampuchea (Cambodia)	Morocco	Czechoslovakia/ Czech Republic	Côte d'Ivoire	Chile
Kazakhstan	Oman	Cyprus	Djibouti	Colombia
Kyrgyzstan	Qatar	Denmark	Equatorial Guinea	Costa Rica
Laos	Saudi Arabia	Estonia	Ethiopia	Cuba
Malaysia	Syria	Finland	Gabon	Dominica
Nepal	Tunisia	France	Gambia	Dominican Republic
New Zealand	United Arab Emirates	FYR/Macedonia	Ghana	Ecuador
North Korea	Yemen	Georgia	Guinea	El Salvador
Pakistan		Germany	Guinea-Bissau	French Guiana
Papua New Guinea		Greece	Kenya	Grenada
Philippines		Hungary	Lesotho	Guadeloupe
Pitcairn		Iceland	Liberia	Guatemala
Singapore		Ireland	Madagascar	Guyana
South Korea		Italy	Malawi	Haiti
Sri Lanka		Latvia	Mali	Honduras
Taiwan		Liechtenstein	Mauritania	Jamaica
Tajikistan		Lithuania	Mauritius	Martinique
Thailand		Luxembourg	Mozambique	Mexico
Turkmenistan		Malta	Namibia	Montserrat
Uzbekistan		Moldova	Niger	Netherlands Antilles
Vietnam		Netherlands	Nigeria	Nicaragua
		Norway	Réunion	Panama
		Poland	Rwanda	Paraguay
		Portugal	Senegal	Peru
		Romania	Seychelles	St. Kitts and Nevis
		Russia	Sierra Leone	St. Lucia
		Slovak Republic	Somalia	St. Pierre and Miquelon
		Slovenia	South Africa	St. Vincent
		Spain	Sudan	Suriname
		Sweden	Swaziland	Trinidad
		Switzerland	Tanzania	Turks and Caicos
		Turkey	Togo	Venezuela
		Ukraine	Uganda	
		United Kingdom	Zaire	
		Yugoslavia/Federal Republic	Zambia	
			Zimbabwe	

Critical Infrastructure Protection

By

**Lincoln P. Bloomfield, Jr.,
Assistant Secretary for Political-Military Affairs**

[The following remarks were presented at the American Embassy, New Delhi, India, April 30, 2002.]

Ladies and gentlemen, thank you for joining me here at the American Embassy this afternoon. I would like to make a few brief remarks before I answer your questions. I wish to first thank my Indian hosts for their hospitality, and for the seriousness of purpose that they shared with me and with my colleagues during two days of meetings here in New Delhi.

As you may have seen in this morning's newspapers, yesterday, I took part in the inaugural session of the Indo-U.S. Cyber Security Forum, which is an outgrowth of the Indo-U.S. Cyber-Terrorism Initiative launched by Prime Minister Vajpayee and President Bush at their November 9, 2001, Summit meeting in Washington. My host at these talks was Shri Arvind Gupta, Joint Secretary for the National Security Council Secretariat. Today, I participated in the first Indo-U.S. Political Military Dialogue. I was hosted by Mr. Jayant Prasad, Joint Secretary, Americas, MEA. I wish to thank both of these gentlemen and their impressive respective teams for the very warm hospitality and well-organized structure of these two sets of discussions.

As Assistant Secretary for the State Department's Political-Military Bureau (PM), I am Secretary Powell's principal advisor on matters where the Department of State supports the mission of the Department of Defense, and am an active participant in the management of America's security relationships worldwide. My bureau's mission includes advising the Secretary of State on U.S. security assistance programs such as the International Military Education and Training (IMET) program, Foreign Military Financing (FMF), and Peacekeeping Operations (PKO) assistance. Additionally, I am responsible for U.S. government arms sales policy and for commercial defense trade controls, including licensing. Other areas of PM's responsibility include contingency planning and peacekeeping policy, the small arms/light weapons United Nations Program of Action, humanitarian demining, and mine action, base access and burden sharing, and international consequence management coordination, as well as critical infrastructure protection cooperation internationally.

It is in this last capacity that I held meetings yesterday, April 29, 2002 with Joint Secretary Gupta and the members of his Cyber security team. The U.S. delegation in these talks represented the full range of U.S. government agencies as well as university representatives, working on critical infrastructure protection (CIP). This U.S. team is the most comprehensive and senior delegation we have ever assembled for a bilateral CIP discussion with any country.

We presented our assessment of the global threat and described the measures we have taken to minimize the vulnerability of our critical information systems. The two sides began the dialogue on possible ways in which India and the United States can address these problems. These talks marked the start of what will be a regular relationship between India and the U.S. on cyber security. Indeed, the professional-level dialogue from here on will be continuous. Members of our respective delegations will be in touch as often as needed in order to protect both India's and America's critical infrastructure from cyber attack.

The purpose of today's political-military dialogue was to set the stage for a closer and even more productive bilateral security relationship. I had the opportunity to hear in detail India's

strategic perspectives, priorities, and visions for the future in the context of the regional and international security environment. I was also able to present American perspectives on Operation Enduring Freedom and the Global War on Terrorism. The discussions included Indian military modernization and India's perspectives on the U.S. as a potential defense supplier. I was able to share with my hosts the progress of current defense procurement requests and explain in detail the U.S. defense trade licensing process and U.S. arms transfer policy.

I will return to Washington tonight with what I know will be good news for Secretary Powell: political-military relations between the United States and India are strong and growing. I consider it an honor and a privilege to be able to play a role in deepening the transformation of our bilateral relationship.

Question: Mr. Bloomfield, I am Aditi Phadnis, the *Business Standard Newspaper*. Do you have an ongoing dialogue on cyber security with other nations of the world, and if so, what are the areas that they encompass? This is not a subject that we know too much about here.

Answer: Yes, we do. Cyber security is a relative newcomer to the bureaucratic environment in Washington and it is clearly an outgrowth of the phenomenal proliferation of computers and information technology and the internet. The organizations represented on the U.S. delegation in the last two days in the main did not exist a few years ago. Now we find that our own government bureaucracy, our defense and intelligence establishments, must guard its information infrastructure against all manner of cyber threats.

In addition, most of the critical infrastructure in the United States is not government owned or government operated. It belongs to the private sector, the financial markets in particular, and the entire range of corporations and small businesses. So, in the United States, the government needs to enlist the cooperation of the private sector to work collegially for their own mutual benefit. As you know, national borders do not exist when it comes to cyber space so we have to be attentive to the dangers of a cascading failure of infrastructure that could begin anywhere on the globe and carry from one substantial infrastructure into another country's infrastructure at very high speed. For that reason the U.S. has begun CIP dialogues with a number of our closest friends and partners in the economic sphere. It is quite appropriate that we should come to New Delhi insofar as India's presence in the international cyber environment and in the global market is significant and is destined to grow quite substantially.

Question: I am Ajay Shukla from *Star News*. Does this cooperation between our two countries have more to do with India's strength in software development, or developing relationships in strategic terms? Would you say it's both or is it due more to India's strength in software?

Answer: I think there is an element of both, but even if we did not have a very positive bilateral relationship the connectivity between the two countries in the information sphere would drive the U.S. to come together to address potential mutual vulnerabilities. There is no reason why India should be unaware of a virus or an attack that we have discovered in the United States if it is possible for the U.S. to inform our counterparts in India quickly and immediately and send different kinds of patches and software solutions to guard India's information infrastructure. And vice versa, when India discovers something and can tell the U.S. about it in a timely manner. This is the nature of the 21st century information environment, and frankly, to address your question more specifically, it is a reflection of the large size of India's software industry but it is also, I believe, a recognition that the size of India's information technology economy could grow quite dramatically from the already impressive level of today.

Question: Does it seem we will receive cooperation from the Indian industry as well as the United States industry for solutions, security resolutions? How will this work?

Answer: Thank you for the question. I mentioned U.S. industry for illustrative purposes. Eight-five to ninety percent of America's critical infrastructure is not owned by the government. The U.S., as you may know, is a country born of revolution. We take our independence as citizens very seriously. So it is not automatic that the U.S. government can enlist the active cooperation of all the private sector in the United States. Other countries have a slightly different tradition. The fact is that India's private sector has a very important place in the future of this dialogue; how that comes to pass remains to be seen.

Question: I am Ranjit Kumar from *Navbharat Times*. Will you also be conducting joint research programs on ways to protect this cyber infrastructure?

Answer: We had a very extensive delegation on both sides of the table and part of the effort involves research and development. So yes, I believe there is discussion on at least comparing the experiences and having a very transparent dialogue on research and development. I cannot say at this time what that might lead to other than simply letting each other know what we are doing.

Question: Nilesh Mishra from the *Associated Press*. Just to go a little beyond the jargon, what exactly can a cyber terrorist do? Is there a South Asian concern that you see here, especially with the situation that is within the region? Any special concerns you see here? And how precisely can that be? All we know of cyber terrorism, I mean I can speak for myself, are things like hacking or breaking into financial markets and things like that. But are there any other wider concerns there?

Answer: Yes. In order to understand cyber security it is very difficult, but it is necessary, nonetheless, to try to forget about the political map of the world because most of the time when there is some sort of an attack on systems the immediate need is to protect the system. Only later, perhaps much later, will it become known where the attack originated. I refer you to the Love Bug, which finally, after circling around the globe through many countries including Scandinavia and Latin America, ended up being in Southeast Asia in the hands of one individual. The focus of cyber security is truly security:

- how to protect systems from degradation;
- how to maintain assured performance of systems;
- how to protect information from corruption.

The actors involved could range from a simple hacker to more sophisticated groups to terrorist groups to criminals to states who may have certain sophisticated ambitions in terms of an internet terrorist attack. We don't know that at the time of the problem, so the orientation in the first instance is entirely defensive. There is, after that, an investigative and law enforcement aspect. Here again, it pays little regard to political boundaries and requires a great deal of international cooperation.

Question: I am Sandip from the *Hindu*. What did you discuss on modernization of the military ones? What are the defense items that have been cleared by the U.S. Congress to sell to India?

Answer: The focus of the discussions today, on the political military dialogue, was, in the first instance, more of a sharing of strategic view, a tour of the horizon of the political dimension of security. When we spoke of military modernization the intent, in the first instance, was for me

to introduce my bureau and to show in greater detail how the American arms transfer policy works and the fundamentals of that policy, as well as a bit of the bureaucratic aspect. There are some specific programs, both government-to-government as well as in the commercial defense licensing area, and a colleague of mine briefed the group in detail on the precise status of those programs. But I think my role was to ensure that we have a very good dialogue and very close communication to ensure that the foreign policy priorities of both governments in our bilateral relationship are well served by the programmatic coordination of our bureaucracies. So in a way I am somewhat of the lynch pin between the policy and the bureaucracy, and it is my hope and my belief that I will now be much better positioned to assure that the United States is being responsive to our high priorities that we attach to our relationship with India.

Question: Shivani Rawat from *Zee News*. I would like to know which other countries is the United States having this CIP dialogue. After your discussions with the Indians set up, what is the level of awareness that you find in India? How well is India geared up for this kind of thing?

Answer: We have spent the last year, under the first year of the President Bush's Administration, reorganizing the CIP effort nationally in the United States. And after the events of September 11th and the creation of the Office of Homeland Security there was a new dimension in terms of protecting other kinds of infrastructure as well as information. So there has been quite a bit of change on the U.S. side. As part of our effort we recognize that virtually the entire world, insofar as countries are participants in the cyber environment, needs to be brought into the dialogue. So rather than list one or two or three or four countries we have had bilateral meetings with some of the major economic players in the world those who are not on the list are not there simply because we have not had the time or the occasion. It is not a priority list in that instance. India has always been seen as a very important interlocutor in this effort. I will not characterize the Indian government's perspective; I will let them speak for themselves. We found the Indian delegation to be very well informed and to be very interested in examining the American experience as well as the organizational pattern that has been set up in the last year by the Bush Administration. Perhaps over time some of the American example will be beneficial to India and they may choose to orient their effort in other ways after considering what we have done.

Question: I am Josy Joseph, *India Abroad*. I presume the political military dialogue is an offshoot of September 11, 2001 along with other dialogues. At least, this is the first one that we are having at the formal stage. There has been a lot of concern among some sections of government in India that the U.S. military position is going to be strengthened in South Asia and it has the seeds of a possible future conflict with China, Russia, making Asia into a future conflict zone. I presume that with the political damage that you are discussing concerning the military what steps are you taking to ensure India or to other countries of the region that the U.S. military mobilization will not be having such cold wars? Are you initiating any conference or building measures? Even India is concerned that America is planning to set up some base in Colombia, I mean in Sri Lanka? What is America initiating towards insuring India and other countries that the U.S. movers will not have such long term follow ups on India security concerns?

Answer: In fact the political military dialogue is not a direct outgrowth of September 11, 2001. I would argue that it was delayed by the exigencies that flowed from September 11th because we place a high importance on this bilateral relationship and, if anything, I feel I could have come to New Delhi sooner, but I am very pleased that we had the chance to start this discussion. I think it should be very clear that the United States has no ambition to have permanent bases in this region. Indeed, you need look no further than Afghanistan to see an instance in which the U.S. was very clear on its purpose, took action which was not aimed against Afghanistan, and indeed facilitated the return of the control of this country to its own people. The U.S. supported the interim authority that came out of the Bonn agreement and we supported the

effort to create an International Security Assistance Force, a force in which the U.S. is not a participant. We were very much a member of the community of nations that assembled in Tokyo to pledge reconstruction assistance and humanitarian assistance, which is part of my portfolio as well, in the demining area so that Afghanistan can regain its own well being and sovereignty. We are just now at the stage of beginning some training for the Afghan army, which is the ultimate guarantor that Afghanistan can take care of itself. We have been helping to bring, I think, 80,000 tons of seed so that they can plant crops and feed hopefully the entire country if the rains are good. That is indicative of the U.S. posture. The U.S. does not covet military basing. We do appreciate international cooperation and access for our forces and for other countries, many other countries that are temporarily involved in this effort to fight global terrorism.

Question: There are a lot of concerns with the Indian government that the U.S. government has interest in setting up some sort of base. Is there a U.S. move to or is the U.S. looking at the possibility of setting up bases in Sri Lanka?

Answer: I have no information on a U.S. military base in Sri Lanka, and it is my understanding that the U.S. is not seeking permanent bases in this region other than what already exist.

Question: The Afghanistan example that you gave, certainly there is a move to produce an Afghan administration but there is very little evidence of American troops moving out of the area. They are still in Afghanistan, now in Pakistan, Uzbekistan, they are still there I presume. I am not really sure about that. But while the administration is being handed back, the troops still remain. What is the policy on that?

Answer: The troops, such as they are in Afghanistan, are solely geared to the initial mission, phase one of the global war on terrorism which was in the first instance, to unhinge the control of Taliban on the government of Afghanistan, which was accomplished. Secondly, to search out and to disable and hopefully destroy the al-Qaeda network. That job, as President Bush and Secretary of Defense Rumsfeld have said on many occasions, may take a long time. Indeed, we continue to believe there is a threat in some parts of Afghanistan, which if left to its own devices, could once again cause grave harm and security problems to the innocent people of Afghanistan. Our sole purpose is to succeed in the goals that have been clearly laid out from the beginning. This was never a hasty operation. It was always intended to be pursued in a deliberate fashion, even if it took a long time, and I think that is exactly what we are seeing now. The U.S. government would not want the wrong conclusion to be drawn. I think President Bush has been very clear on the purpose and very transparent. What you see is nothing more than a manifestation of the mission that he set out for the military.

Question: I am Sujana Dutt with the *Telegraph Newspaper*. Last week I think it was Secretary Powell said that over the past few months America has worked very actively with the governments in South Asia and has steadily but surely reshaped a number of relations in the battle against terrorism. Yet for the last three to four months we have two of America's greatest partners in the region, India and Pakistan, almost eyeball to eyeball on the border. Despite being partners in the coalition against terrorism, what is your assessment of the situation?

Answer: I think it is clear that the U.S. favors a vision of an outcome in which these two neighbors find a way to address their concerns mutually. We wish very much that this will be the case. You mentioned Secretary Powell who spent nine days, I believe, recently in the Middle East in a situation where the parties went beyond the brink and there are no winners. It is a very troubling and difficult situation. We just talked about Afghanistan. We could add to the list of issues that are burdens on the international security environment Colombia, the Balkans, the Korean Peninsula, the Congo, and on and on. So there is no question that the United States is

engaging with good will and intends to follow U.S. and India relations for a long, long time, on a very positive ascent. This is not a temporary or transitory relationship. We have turned the page and we are now building a positive future. We certainly reserve our highest admiration for the kind of statesmanship that can lead to resolution of these issues short of hostilities. We wish for the best.

Question: There has been some joint exercises involving the American and Indian troops. Are there any more? Can you tell if there are going to be more exercises?

Answer: I believe the answer is yes. The U.S. and India have a positive military-to-military relationship. I believe it is proceeding in a very positive direction, and I believe there will be more exercises and training in the very near future. But I do not have the details beyond this. Sorry.

Question: I am Vishal Thapar from the *Hindustan Times*. You talked about the export licensing procedure for arms. Which weapons systems, we know that the weapon locating radar, a deal has been signed, it has been cleared. Which other weapon systems have been cleared for possible sale to India? And I have a second question. You just talked about the exercises. The focus of these exercises we are told is to build interoperability between the forces of the two countries. What is your perspective of, what is your threat perception against what contingencies would interoperability of the two forces be required?

Answer: Actually I think both parts of your question pertain to the kind of long-term relationship that we have in mind. There are some cases that are in the system, and we did not dwell on the specific cases. In fact there are Defense Department channels in which both the defense establishments and the military sit around the table and they structure the appropriate elements of the defense relationship. From the Department of State we review it from a policy perspective and we engage the Congress in a dialogue to persuade them of the appropriateness of the decisions we have made. Both in those terms and also in terms of the kinds of activities that we might do in the training and exercise arena. The idea is not necessarily some sort of immediate contingency. The idea is getting India's next generation of military leaders and America's next generation of military leaders to get to know each other, and for each establishment to appreciate each other professionally. At the same time, at the political level, we talked today about the situation as it exists in 2002, but we also talked about twenty and even fifty years from now and the sort of strategic trend in the world. Our vision is of a peaceful world, one in which the software industry is ten times as big as it is today. As has always been the case, our military is there hopefully to protect the peace and to enable international commerce and to minimize the prospect that any particular violent contingency would occur. This is peacetime engagement.

Beyond the Axis of Evil: Additional Threats From Weapons of Mass Destruction

By

**John R. Bolton
Under Secretary For Arms Control and International Security**

[The following are the remarks presented to the Heritage Foundation Washington, D.C. May 6, 2002.]

I am pleased to be able to speak to you today about the Bush Administration's efforts to combat the proliferation of weapons of mass destruction. The spread of weapons of mass destruction (WMD) to state sponsors of terrorism and terrorist groups is, in my estimation, the gravest security threat we now face. States engaging in this behavior, some of them parties to international treaties prohibiting such activities, must be held accountable, and must know that only by renouncing terrorism and verifiably forsaking WMD can they rejoin the community of nations.

The New Security Environment

Eight months into the war on terror, the United States and its partners have made great strides. We have helped the Afghan people overthrow an oppressive, terrorist-harboring regime in Afghanistan, foiled terrorist plots in places such as Germany, Yemen, Spain and Singapore, and stanching the flow of funds that allowed al-Qaeda's schemes to come to fruition. We have captured the number three man in al-Qaeda, and will bring him to justice. And this is just the beginning.

The attacks of September 11 reinforced with blinding clarity the need to be steadfast in the face of emerging threats to our security. The international security environment has changed, and our greatest threat comes not from the specter of nuclear war between two superpowers, as it did during the Cold War, but from transnational terrorist cells that will strike without warning using weapons of mass destruction. Every nation, not just the United States, has had to reassess its security situation, and to decide where it stands on the war on terrorism.

In the context of this new international security situation, we are working hard to create a comprehensive security strategy with Russia, a plan President Bush calls the New Strategic Framework. The New Strategic Framework involves reducing offensive nuclear weapons, creating limited defensive systems that deter the threat of missile attacks, strengthening nonproliferation and counterproliferation measures, and cooperating with Russia to combat terrorism. It is based on the premise that the more cooperative, the post-Cold War relationship between Russia and the United States makes new approaches to these issues possible.

Accordingly, President Bush has announced that the United States will reduce its strategic nuclear force to a total of between 1,700 and 2,200 operationally deployed strategic nuclear warheads over the next ten years. President Putin has made a similarly bold and historic decision with respect to Russian strategic nuclear forces.

In preparation for the summit meeting in Moscow and St. Petersburg later this month, we have been working closely with the Russians to embody the reductions in offensive warheads into a legally-binding document that will outlast the administrations of both Presidents. We are also working to draft a political declaration on the New Strategic Framework that would cover the

issues of strategic offensive and defensive systems, nonproliferation and counterproliferation. We are optimistic that we will have agreement in time for the summit in Moscow, May 23rd to 25th.

Strengthening the U.S.-Russian relationship has been a priority of the Bush Administration, even prior to the September 11 attacks. In the current security climate, cooperation with Russia becomes even more important, so that we can work together to combat terrorism and the spread of weapons of mass destruction, which threaten both our countries.

Preventing Terrorism's Next Wave

President Bush believes it is critical not to underestimate the threat from terrorist groups and rogue states intent on obtaining weapons of mass destruction. As he said on the six-month anniversary of the attacks, "Every nation in our coalition must take seriously the growing threat of terror on a catastrophic scale terror armed with biological, chemical, or nuclear weapons." We must not doubt for a moment the possible catastrophic consequences of terrorists or their rogue state sponsors who are willing to use disease as a weapon to spread chemical agents to inflict pain and death, or to send suicide bound adherents armed with radiological weapons on missions of mass murder.

Every nation must commit itself to preventing the acquisition of such weapons by state sponsors of terrorism or terrorist groups. As President Bush said: "Our lives, our way of life, and our every hope for the world depend on a single commitment: The authors of mass murder must be defeated, and never allowed to gain or use the weapons of mass destruction." To this end, we use a variety of methods to combat the spread of weapons of mass destruction, including export controls, missile defense, arms control, nonproliferation and counter-proliferation measures.

In the past, the United States relied principally on passive measures to stem proliferation. Arms control and nonproliferation regimes, export controls, and diplomatic overtures were the primary tools used in this fight. But September 11, 2001 the subsequent anthrax attacks, and our discoveries regarding al-Qaeda and its weapons of mass destruction (WMD) aspirations has required the U.S to complement these more traditional strategies with a new approach. The Bush Administration is committed to combating the spread of nuclear, chemical, and biological weapons, missiles, and related equipment, and is determined to prevent the use of these deadly weapons against our citizens, troops, allies, and friends. While diplomatic efforts and multilateral regimes will remain important to our efforts, we also intend to complement this approach with other measures, as we work both in concert with like minded nations, and on our own, to prevent terrorists and terrorist regimes from acquiring or using WMD. In the past, we looked at proliferation and terrorism as entirely separate issues. As Secretary Powell said in his Senate testimony April 24, "There are terrorists in the world who would like nothing better than to get their hands on and use nuclear, chemical or biological weapons. So there is a definite link between terrorism and WMD. Not to recognize that link would be foolhardy to the extreme."

America is determined to prevent the next wave of terror. States that sponsor terror and pursue WMD must stop. States that renounce terror and abandon WMD can become part of our effort. But those that do not can expect to become our targets. This means directing firm international condemnation toward states that shelter and in some cases directly sponsor terrorists within their borders. It means uncovering their activities that may be in violation of international treaties. It means having a direct dialogue with the rest of the world about what is at stake. It means taking action against proliferators, middlemen, and weapons brokers, by exposing them, sanctioning their behavior, and working with other countries to prosecute them or otherwise bring a halt to their activities. It means taking law enforcement action against suspect shipments, front companies, and financial institutions that launder proliferator's funds. And it requires, above all,

effective use, improvement, and enforcement of the multilateral tools at our disposal, both arms control and nonproliferation treaties and export control regimes.

The Problem of Noncompliance

Multilateral agreements are important to our nonproliferation arsenal. This Administration strongly supports treaties such as the *Treaty on the Non-Proliferation of Nuclear Weapons* (NPT), the Chemical Weapons Convention, and the *Biological Weapons Convention*. But in order to be effective and provide the assurances they are designed to bring, they must be carefully and universally adhered to by all signatories. Therefore, strict compliance with existing treaties remains a major goal of our arms control policy.

This has been our aim in particular with the *Biological Weapons Convention* (BWC). In 1969, President Nixon announced that the United States would unilaterally renounce biological weapons. The U.S. example was soon followed by other countries, and by 1972 the BWC was opened for signature. This international treaty, to which more than 140 countries are parties, prohibits the development, production, stockpiling, acquisition or retention of biological and toxin weapons.

While the vast majority of the BWC's parties have conscientiously met their commitments, the United States is extremely concerned that several states are conducting offensive biological weapons programs while publicly avowing compliance with the agreement. To expose some of these violators to the international community, last November, I named publicly several states the U.S. government knows to be producing biological warfare agents in violation of the BWC.

Foremost is Iraq. Although it became a signatory to the BWC in 1972 and became a State Party in 1991, Iraq has developed, produced, and stockpiled biological warfare agents and weapons. The United States strongly suspects that Iraq has taken advantage of more than three years of no United Nations inspections to improve all phases of its offensive BW program. Iraq also has developed, produced, and stockpiled chemical weapons, and shown a continuing interest in developing nuclear weapons and longer range missiles.

Next is North Korea. North Korea has a dedicated, national-level effort to achieve a BW capability and has developed and produced, and may have weaponized, BW agents in violation of the Convention. Despite the fact that its citizens are starving, the leadership in Pyongyang has spent large sums of money to acquire the resources, including a biotechnology infrastructure, capable of producing infectious agents, toxins, and other crude biological weapons. It likely has the capability to produce sufficient quantities of biological agents for military purposes within weeks of deciding to do so, and has a variety of means at its disposal for delivering these deadly weapons.

In January, I also named North Korea and Iraq for their covert nuclear weapons programs, in violation of the *Nuclear Nonproliferation Treaty*. This year, North Korea did not meet Congressional certification requirements because of its continued lack of cooperation with the International Atomic Energy Agency, its failure to make any progress toward implementing the North-South Joint Denuclearization Declaration as called for under the Agreed Framework, and for proliferating long-range ballistic missiles. Finally, we believe that North Korea has a sizeable stockpile of chemical weapons, and can manufacture all manner of CW agents.

Then comes Iran. Iran's biological weapons program began during the Iran-Iraq war, and accelerated after Tehran learned how far along Saddam Hussein had progressed in his own program. The Iranians have all of the necessary pharmaceutical expertise, as well as the commercial infrastructure needed to produce and hide a biological warfare program. The United

States believes Iran probably has produced and weaponized BW agents in violation of the Convention. Again, Iran's biological weapons program is complemented by an even more aggressive chemical warfare program, Iran's ongoing interest in nuclear weapons, and its aggressive ballistic missile research, development, and flight testing regimen.

President Bush named these three countries in his State of the Union address earlier this year as the world's most dangerous proliferators. "States like these, and their terrorist allies," he said, "constitute an axis of evil, arming to threaten the peace of the world. By seeking weapons of mass destruction, these regimes pose a grave and growing danger."

Trouble Ahead

Beyond the axis of evil, there are other rogue states intent on acquiring weapons of mass destruction particularly biological weapons. Given our vulnerability to attack from biological agents, as evidenced recently in the anthrax releases, it is important to carefully assess and respond to potential proliferators. Today, I want to discuss three other state sponsors of terrorism that are pursuing or who have the potential to pursue weapons of mass destruction or have the capability to do so in violation of their treaty obligations. While we will continue to use diplomatic efforts and multilateral regimes with these countries, it is important to review the challenges we face and to underline the issues that these states must address. As the President has said, "America will do what is necessary to ensure our nation's security. We will be deliberate. Yet time is not on our side. I will not wait on events while dangers gather. I will not stand by as peril draws closer and closer."

First, Libya. There is no doubt that Libya continues its longstanding pursuit of nuclear weapons. We believe that since the suspension of United Nation sanctions against Libya in 1999, Libya has been able to increase its access to dual use nuclear technologies. Although Libya would need significant foreign assistance to acquire a nuclear weapon, Tripoli's nuclear infrastructure enhancement remains of concern. Qaddafi hinted at this in a recent (25 March) interview with Al-Jazeera when he said, "We demanded the dismantling of the weapons of mass destruction that the Israelis have; we must continue to demand that. Otherwise, the Arabs will have the right to possess that weapon."

Among its weapons of mass destruction programs, Libya which is not a party to the CWC, continues its goal of reestablishing its offensive chemical weapons ability, as well as pursuing an indigenous chemical warfare production capability. Libya has produced at least 100 tons of different kinds of chemical weapons, using its Rabta facility. That facility closed down after it was subject to media scrutiny, but then re-opened as a pharmaceutical plant in 1995. Although production of chemical agents reportedly has been halted, CW production at Rabta cannot be ruled out. It remains heavily dependent on foreign suppliers for precursor chemicals, technical expertise, and other key chemical warfare-related equipment. Following the suspension of United Nations sanctions in April 1999, Libya has reestablished contacts with illicit foreign sources of expertise, parts, and precursor chemicals in the Middle East, Asia, and Western Europe.

Conversely, Libya has publicly indicated its intent to join the CWC. While our perceptions of Libya would not change overnight, such a move could be positive. Under the CWC, Libya would be required to declare and destroy all chemical weapons production facilities and stockpiles, make declarations about any dual use chemical industry, undertake not to research or produce any chemical weapons, and not to export certain chemicals to countries that have not signed the CWC. Libya would also be subject to challenge inspections of any facility, declared or not.

Significantly for predictive purposes, Libya became a State Party to the BWC in January 1982, but the U.S. believes that Libya has continued its biological warfare program. Although its program is in the research and development stage, Libya may be capable of producing small quantities of biological agent. Libya's BWC program has been hindered, in part, by the country's poor scientific and technological base, equipment shortages, and a lack of skilled personnel, as well as by United Nations sanctions in place from 1992 to 1999.

Libya is also continuing its efforts to obtain ballistic missile related equipment, materials, technology, and expertise from foreign sources. Outside assistance particularly Serbian, Indian, North Korean, and Chinese critical to its ballistic missile development programs, and the suspension of United Nations sanctions in 1999 has allowed Tripoli to expand its procurement effort. Libya's current capability probably remains limited to its Scud B missiles, but with continued foreign assistance it may achieve an Median Range Ballistic Missiles (MRBM) capability a long desired goal or extended-range Scud capability.

Although Libya is one of seven countries on the Department of State's list of state sponsors of terror the U.S. has noted recent positive steps by the Libyan government that we hope indicate that Tripoli wishes to rejoin the community of civilized states. In 1999, Libya turned over two Libyans wanted in connection with the bombing of Pan Am flight 103 over Lockerbie, Scotland, for trial in the Netherlands. In 2001, it condemned the September 11 attacks publicly and signed the twelve terrorist conventions listed in United Nations Security Council Resolution 1273. And, as I have already mentioned, Libya has also announced its intention to accede to CWC.

However, as I have also said, words are not enough. The key is to see clear, hard evidence that Libya will, in fact, live up to the public standards it has set for itself. Libya can make a positive gesture in this regard by fulfilling its obligations under WMD treaties and becoming a party to the CWC. Moreover, Libya must honor the relevant United Nations Security Council resolutions relating to the resolution of Pan Am 103, arguably the worst air terrorist disaster prior to September 11, 2001. Libya has yet to comply fully with these resolutions, which include accepting responsibility and paying compensation. It is past time that Libya did this.

The United States also knows that Syria has long had a chemical warfare program. It has a stockpile of the nerve agent sarin and is engaged in research and development of the more toxic and persistent nerve agent VX. Although Damascus currently is dependent on foreign sources for key elements of its chemical warfare program, including precursor chemicals and key production equipment, we are concerned about Syrian advances in its indigenous CW infrastructure which would significantly increase the independence of its CW program. We think that Syria has a variety of aerial bombs and SCUD warheads, which are potential means of delivery of deadly agents capable of striking neighboring countries.

Syria, which has signed but not ratified the BWC, is pursuing the development of biological weapons and is able to produce at least small amounts of biological warfare agents. While we believe Syria would need foreign assistance to launch a large-scale biological weapons program right now, it may obtain such assistance by the end of this decade.

Syria has a combined total of several hundred Scud B, Scud C and SS-21 SRBMs. It is pursuing both solid-propellant and liquid-propellant missile programs and relies extensively on foreign assistance in these endeavors. North Korean and Russian entities have been involved in aiding Syria's ballistic missile development. All of Syria's missiles are mobile and can reach much of Israel, Jordan, and Turkey from launch sites well within the country.

In addition to Libya and Syria, there is a threat coming from another BWC signatory, and one that lies just ninety miles from the U.S. mainland, namely, Cuba. This totalitarian state has long

been a violator of human rights. The Department of State said last year in its *Annual Report on Human Rights Practices* that “the Cuban government continued to violate systematically the fundamental civil and political rights of its citizens. Citizens do not have the right to change their government peacefully. Prisoners died in jail due to lack of medical care. Members of the security forces and prison officials continued to beat and otherwise abuse detainees and prisoners. The Cuban government denied its citizens the freedoms of speech, press, assembly and association.” Havana has long provided safe haven for terrorists, earning it a place on the Department of State’s list of terrorist-sponsoring states. The country is known to be harboring terrorists from Colombia, Spain, and fugitives from the United States. We know that Cuba is collaborating with other state sponsors of terror.

Castro has repeatedly denounced the U.S. war on terrorism. He continues to view terror as a legitimate tactic to further revolutionary objectives. Last year, Castro visited Iran, Syria and Libya, all designees on the same list of terrorist- sponsoring states. At Tehran University, these were his words: “Iran and Cuba, in cooperation with each other, can bring America to its knees. The U.S. regime is very weak, and we are witnessing this weakness from close up.”

But Cuba’s threat to our security often has been underplayed. An official U.S. government report in 1998 concluded that Cuba did not represent a significant military threat to the United States or the region. It went only so far as to say that, “Cuba has a limited capacity to engage in some military and intelligence activities which could pose a danger to U.S. citizens under some circumstances.” However, then-Secretary of Defense William Cohen tried to add some balance to this report by expressing in the preface his serious concerns about Cuba’s intelligence activities against the United States and its human rights practices. Most notably, he said, “I remain concerned about Cuba’s potential to develop and produce biological agents, given its biotechnology infrastructure”

Why was the 1998 report on Cuba so unbalanced? Why did it underplay the threat Cuba posed to the United States? A major reason is Cuba’s aggressive intelligence operations against the United States, which included recruiting the Defense Intelligence Agency’s senior Cuba analyst, Ana Belen Montes, to spy for Cuba. Montes not only had a hand in drafting the 1998 Cuba report but also passed some of our most sensitive information about Cuba back to Havana. Montes was arrested last fall and pleaded guilty to espionage on March 19th.

For four decades Cuba has maintained a well-developed and sophisticated biomedical industry, supported until 1990 by the Soviet Union. This industry is one of the most advanced in Latin America, and leads in the production of pharmaceuticals and vaccines that are sold worldwide. Analysts and Cuban defectors have long cast suspicion on the activities conducted in these biomedical facilities.

Here is what we now know: The United States believes that Cuba has at least a limited offensive biological warfare research and development effort. Cuba has provided dual-use biotechnology to other rogue states. We are concerned that such technology could support BW programs in those states. We call on Cuba to cease all BW-applicable cooperation with rogue states and to fully comply with all of its obligations under the *Biological Weapons Convention*.

Conclusion

America is leading in the fight to root out and destroy terror. Our goals are to stop the development of weapons of mass destruction and insure compliance with existing arms control and nonproliferation treaties and commitments, which the Bush Administration strongly supports, but experience has shown that treaties and agreements are an insufficient check against state sponsors of terrorism. Noncompliance can undermine the efficacy and legitimacy of these

treaties and regimes. After all, any nation ready to violate one agreement is perfectly capable of violating another, denying its actual behavior all the while. And so I close with four fundamental conclusions. First, that global terrorism has changed the nature of the threat we face. Keeping WMD out of terrorist hands must be a core element of our nonproliferation strategy.

Second, the Administration supports an international dialogue on weapons of mass destruction and encourages countries to educate their public on the WMD threat. We must not shy away from truth telling.

Third, the Administration will not assume that because a country's formal subscription to United Nations counterterrorism conventions or its membership in multilateral regimes necessarily constitutes an accurate reading of its intentions. We call on Libya, Cuba, and Syria to live up to the agreements they have signed. We will watch closely their actions, not simply listen to their words. Working with our allies, we will expose those countries that do not live up to their commitments.

Finally, the United States will continue to exercise strong leadership in multilateral forums and will take whatever steps are necessary to protect and defend our interests and eliminate the terrorist threat.

The Organization of American States and The Democratic Charter

By

**Roger F. Noriega
U.S. Ambassador to the Organization of American States**

[The following are excerpts of the speech presented to the Center for Strategic and International Studies, May 3, 2002.]

If there is anyone out there who has followed my public remarks since becoming Ambassador to the Organization of American States (OAS), you will know that I tend to talk a lot about a particular document - *The Inter-American Democratic Charter*. I talk about it a lot because it's an important document, and, in fact, has become the focal point of the most serious work that the OAS is called upon to perform. That is: Maintaining, supporting, strengthening, and defending democracy in the Western Hemisphere.

The Democratic Charter

Adopted by the Inter-American Community on September 11 in the immediate wake of the terrorist attack on the World Trade Center and the Pentagon the hemispheric consensus represented that day was a significant, historic event in its own right. It was historic because it was the first time in the history of the Western Hemisphere that the representatives of our community the Inter-American Community sat down at a table together to agree on an expression of political values with such clarity and reach; the political values that are the building blocks of democratic life. The document defines the "essential elements" of "representative democracy" that is to say, the "democratic order" in very specific and inclusive terms, including:

Power in accordance with the rule of law, the holding of periodic, free, and fair elections based on secret balloting and universal suffrage . . . pluralistic system of political parties and organizations; . . . separation of powers and independence of the branches of government; . . . freedom of expression and of the press; . . . constitutional subordination of all state institutions to the legally constituted civilian authority.

A simple recognition of these values would have been a monumental event in and of itself. But, rather than stopping there, they took it a bit further. The Inter-American Community laid out a series of actions to be taken to maintain, support, strengthen, and defend democracy in the region in the event that one of its members should fail to uphold the essential elements of democratic life. The document allows any member state or the Secretary General to trigger a response by the Organization of American States, calling for the "immediate convocation" of a meeting of the Permanent Council to consider the facts, deploy diplomatic efforts, or use other political mediation.

If there is a clear interruption of democratic order, or if an undemocratic alteration is not remedied, the Charter calls for a General Assembly that may, among other things, suspend the offending government from the Inter-American system - which requires a two-thirds vote of the member states. The Charter contemplates a gradual, measured response to political crises. It incorporates very practical measures both remedial and preventative to strengthen or restore democracy. This is not a cookie cutter approach, and it does not anticipate rushing to suspend a member state. In fact, the dissuasive influence or proactive, preventative measures contemplated under the Charter are perhaps its most important contribution. The Charter builds on a practical

legacy in which the OAS advances values that will make all of our nations stronger by making each of our nations stronger. In adopting the Democratic Charter, setting forth a series of shared values, and specifying mechanisms to strengthen and defend those values, the Inter-American community of nations created an example for the rest of the world to follow.

As far as I know, this has not been done among any other community of nations in the world. Any grouping of countries in the world whose nations are searching for a path toward fostering and implementing democratic values in their respective regional community can look to the Western Hemisphere as a model to be followed. And we as a community - the Inter-American Community - can and should wear this distinction with pride.

If the Inter-American Democratic Charter is so significant, so ground-breaking, so historic and such an example for the world to follow, why is it then that so few people know about it? Or if they've heard of it, they don't know what it means, or why it is important.

Let us remember that that Charter is only seven months old. Documents intended to be cornerstones of public policy - like laws or even the U.S. Constitution - are not born with instant legitimacy. A document's legitimacy evolves slowly, over time as it is exercised, and as respect for it and the values it embodies grows. Only through numerous attempted, not always successful, applications of a document can it achieve its full or even intended potential. Through fits and starts and repeated attempts, the values embodied in a significant public policy document, such as the Democratic Charter, eventually come to life and become tangible and immutable.

Haiti

The Inter-American Community started down the long road of making the Charter real when the region expressed its collective concern about the deteriorating state of democracy in Haiti. We have been seized with the declining state of Haitian democracy for several years, in particular since the flawed electoral process of May 2000. However, the true extent of that desperation did not crystallize in the consciousness of the Inter-American Community until 17 December.

An armed attack on the National Palace which some observers believe was a coup attempt was followed by several days of attacks by supporters of the ruling Lavalas Party against members of the opposition, burning party headquarters, private homes, and killing at least three persons. The Community reacted by "evoking" rather than "invoking" the spirit of the Democratic Charter, and by adopting a resolution designed to strengthen Haitian democracy, not punish the Haitian government. Condemning the loss of life and the destruction of property, the resolution called for the government to work with the international community to establish an OAS mission, and for the Secretary General to assign technical experts to that mission to help in the development and strengthening of Haiti's democratic political processes and institutions.

The resolution called on the government of Haiti to take a series of six specific steps to restore a climate of security necessary for resuming political dialogue, and it instructed the Secretary General to monitor essential elements of representative democracy and compliance with any accord that may result from OAS-sponsored negotiations.

It also called for a Commission of Inquiry to investigate the violence surrounding the events of December 17, and for the Inter-American Commission on Human Rights (IACHR) to perform an on-site visit to analyze and report on conditions. I am pleased to say that thanks to the financial contribution of many OAS member states as well as several European observer states the initial component of the Haiti mission has been deployed, and it enjoys excellent leadership. The 15 to 20-person mission has four components, intended to assist Haiti in each of the four areas:

security, administration of justice, human rights, and governance. The IACHR has already performed its on-site visit and assessment.

The three-person Commission of Inquiry has been performing its work for several weeks. And I'm especially pleased to say that, thus far, cooperation between the Government of Haiti and the mission has been auspicious. The mission is currently expected to last a year. And if things continue to go as they have the past several weeks, the potential for success at a time when forward progress is badly needed will be much improved. The OAS will seek to jump start negotiations when both sides are prepared to do so, depending on the climate of confidence and security. Hopefully, the OAS will be able to count Haiti as the Democratic Charter's first success story. But we have a lot of ground to cover before we can even predict that outcome.

Venezuela

The Charter's second challenge came only three weeks ago on April 11 when after the Venezuelan military refused to fire upon unarmed, peaceful demonstrators. According to the best information available at the time, President Chavez had fired his vice president, dismissed his cabinet, and resigned, and was arranging another hasty trip to Cuba. Therefore, on April 12, Pedro Carmona swore himself in as provisional president, called for new elections, and ordered that the National Assembly and Supreme Tribunal of Justice be dissolved. President Chavez returned to office late at night on April 13.

Invoking Article 20 of the Charter, Secretary General Gavia on April 13 convoked the OAS Permanent Council to perform a collective assessment. The Permanent Council condemned the alteration of constitutional order and convened a special session of the General Assembly under the Democratic Charter on April 18. In the first hour of April 19, the region's foreign ministers adopted a resolution that essentially opens the "toolbox" of the Democratic Charter for the purpose of reinforcing democratic institutions in Venezuela. It calls on the Venezuelan government to respect the essential elements of representative democracy and the rule of law while redoubling its efforts toward national dialogue and national reconciliation. The resolution also confirms that the Inter-American Commission on Human Rights (IACHR) will perform an on-site visit to Venezuela the first week of May.

While encouraging the Venezuelan government to take advantage of the tools offered by the Charter, the resolution leaves the degree of OAS involvement largely up to the Venezuelan government. Perhaps most significantly, however, the resolution focuses a regional spotlight on the state of Venezuela's democratic institutions and procedures while pledging the OAS's continued attention and support. Although the situations are obviously very different, the crises in Haiti and Venezuela are similar in that neither emerged suddenly in a single day. Haiti's democratic institutions did not collapse on December 17; nor did Venezuela's collapse on April 12. Rather, the democratic institutions of both countries have experienced a slow decline that was apparent to the entire Inter-American Community. And as Secretary Powell mentioned in his statement on Venezuela to the OAS General Assembly on April 18, the region could have and should have acted sooner.

The symptoms of the declining state of Venezuelan democracy had been clear for many months.

- As early as 1999 - or certainly by 2000 - it should have been clear to the Inter-American Community that several essential elements of representative democracy had already been severely compromised in Venezuela.

- As a community, we should have known that separation of powers and independence of the branches of government were inexorably breached when President Chavez re-established branches of government particularly the judicial branch, through executive decision.

- It should have been clear to us that freedom of association was in trouble in Venezuela when President Chavez challenged the independence of Venezuela's trade union movement.

- The Inter-American Community should have known when we observed President Chavez's repeated public threats against the Venezuelan media, including against individual journalists that freedom of expression was being compromised.

- It should have been clear to us when supporters of President Chavez acted upon those threats by intimidating the media that President Chavez's words were more than mere rhetoric.

- The Inter-American Community should have known there was a problem when President Chavez condemned the Catholic hierarchy as a "tumor" on Venezuela that needed to be "lanced." And when he rejected the Papal Nuncio's calls to refrain from political confrontation.

- And, we should have known, as a community, when we observed the dramatic extent of the polarization of Venezuelan society.

The OAS could have and should have acted sooner to employ preventative measures to ensure that the problems in Venezuelan society, which led to the events of April 12 were addressed before crisis struck and dozens of lives were lost.

Today, the preconditions of the April crisis in Venezuela are as bad or worse. Unless Venezuelans of good will work together to correct those conditions, that sister republic will be in peril. And the OAS and our Democratic Charter have indispensable roles to play in helping Venezuela clear those perilous waters. We cannot say that the Charter has succeeded if these conditions persist and the Inter-American Community does nothing until the next crisis. We have an obligation to help, and, I would submit, the government owned vehicle has an obligation to let us help. The very existence of the Charter and its delineation of the essential elements of democracy provides us the benefit of a clear framework with which we can help democracies in crisis before violence erupts, before people are killed, and before there is a break in the constitutional order.

Thus far, I think the Inter-American Community has done an excellent job at defending the crucial concept of constitutionality. Clearly, however, the Community needs to be more focused on the health of the essential elements of democracy of its members. As countries become more comfortable with and accustomed to the Charter, I think they'll be better able to take advantage of the tools it provides. I would hope that, in the future, countries beset by problems with their democratic systems will increasingly look to the OAS, and the Democratic Charter, as a valuable instrument of prevention and remedial mechanisms to forestall further deterioration of their political order.

In other words, I would like to see countries in trouble recognizing their own problems, and requesting assistance under Article 17 to strengthen institutions and forestall crises, like the ones we've seen in Haiti and Venezuela.

Cuba

Before I finish, I would like to reiterate how significant it is that the Western Hemisphere has agreed upon a set of core values, and how that seemingly simple act has galvanized the sense of

community that the nations of the Americas share. Many of you know, for example, that this year's United Nations Human Rights Commission in Geneva represented the first time Latin countries took the lead in adopting a resolution on the human rights situation in Cuba. And if you take a look at the resolution, you will notice that it refers directly to the *Inter-American Democratic Charter*. The resolution infuriated the Cuban dictator.

I do not believe it was mere coincidence that this important event happened to occur seven months after the establishment of the *Inter-American Democratic Charter*. The message sent by the adoption of the Charter is clear;

Every government in the region recognizes that the political culture of this hemisphere is based on democratic values and practices, and that governments devoid of democratic values and practices governments like the Castro government are an affront to the entire Inter- American Community as well as its own people.

Why is the Castro government afraid of this document? Because Castro knows that the document demonstrates that the Inter-American Community truly is a community of democracies; and that his regime is on the outside looking in. I predict that as the inevitable transition to democracy gets underway in Cuba, the Democratic Charter will be the standard to which Cuban leaders will be held. They will be held to that standard by their own people as well as by the international community because the Cuban people know that they belong inside the Inter-American Community of shared democratic values.

The Future of North Atlantic Treaty Organization

By

Marc Grossman
U.S. Under Secretary for Political Affairs

[The following is the testimony presented to the Senate Foreign Relations Committee, Washington, DC, May 1, 2002.]

I would like to begin by thanking you and other members of this Committee and the Senate for your strong and consistent support for North Atlantic Treaty Organization (NATO), which has helped ensure it remains the greatest alliance in history. It has been a privilege and my good fortune to have had the opportunity to consult with you and take your advice over the years on NATO. I look forward to continuing this dialogue and consultation in the future. I appreciate your invitation today at a time when the future of NATO is being actively discussed on both sides of the Atlantic. I welcome this debate. Our governments, our parliaments and our public ought to talk about the future of NATO. That is what democratically supported foreign and defense policy is all about.

The attacks of September 11, 2001 and NATO's response prove to me NATO's continuing value in a world of new and unpredictable threats. Invoking Article 5 for the first time in history, NATO sent a clear message that the alliance is united and determined. We greatly value NATO's collective response, as well as the contributions of individual allies. Fifty years of NATO cooperation made natural the participation of allied forces in Operation Enduring Freedom. NATO Airborne Warning and Control System (AWACS) have logged over 3,000 hours patrolling American skies. All NATO allies have provided blanket overflight rights, access to ports and bases, refueling assistance, and stepped up intelligence efforts. Sixteen of our allies are supporting Operations Enduring Freedom and Noble Eagle with military forces and capabilities. Fourteen allies have deployed forces in the region, and nine are participating in combat operations with us in eastern Afghanistan as we speak.

Almost all contributors to the International Security Assistance Force, initially led by Britain and soon by Turkey, are current allies, aspiring allies, or countries who have trained with NATO in the Partnership for Peace (PfP). Their varied contributions include air reconnaissance, refueling, cargo, and close air support missions, special forces missions, specialized nuclear, biological, and chemical weapons units, mine clearing and medical units, and naval patrols. Altogether allies and partners have deployed nearly 4,000 troops to Afghanistan.

NATO's actions in response to September 11, 2001 come as no surprise to me. Throughout its history, NATO has adapted to meet new threats and seize new opportunities. NATO still matters. Nothing illustrates this fact better than the number of countries seeking to join. Secretary Powell made this point last week, observing that countries want to join "because they want to be a part of a political and security organization that is anchored in its relationship with North America."

NATO Today: Enduring Values and Common Purposes. When President Bush and his counterparts meet in Prague later this year, their gathering will symbolize the changes that have taken place in Europe and NATO's central role in making these changes possible.

Prague: Once Behind an Iron Curtain. Prague: synonymous in a famous spring in 1968 with rebellion against oppression and thirst for democracy. And in 1991, Prague hosted the

meeting that dissolved the Warsaw Pact. In 2002, NATO leaders will come to Prague to continue shaping that new Europe and to reaffirm the strength, unity and vitality of the Atlantic Alliance.

The North Atlantic Treaty Organization remains a fundamental pillar of our foreign and defense policy. As President Bush said last month, NATO remains “an anchor of security for both Europe and the United States.”

I have just returned from meeting with all of our Allies at NATO. I then traveled to eight Allied capitals to consult on our agenda for Prague. We proposed that Prague be defined by three themes: New Capabilities, New Members, and New Relationships.

21st Century NATO: New Capabilities, New Members, New Relationships. September 11, 2001 has brought home to us how dangerous our world has become. Czechoslovakia President Vaclav Havel, who will host the Prague Summit, observed that September 11, 2001 “alerted us to the evil existing in this world.” September 11, 2001 has also demonstrated how important our allies are in helping to defeat the new threats that face us. To protect our way of life, the alliance must be an effective tool in the world after September 11, 2001. That is why NATO ministers agreed last December to intensify common efforts to meet the threats from terrorism and weapons of mass destruction that all allies face. When President Bush meets with allied leaders in Prague later this year, we expect that our allies will approve an action plan aimed at enhancing NATO’s ability to deal with these and other threats.

NATO Is Not Less Important to Our Security Today, NATO Is More Important. Our agenda at Prague will be threefold:

- Ensuring NATO has the capabilities needed to meet emerging new threats,
- Extending NATO membership to more new European democracies, and
- Renewing NATO relationships with Russia, Ukraine and other Partners.

This agenda is rooted in NATO’s values and goals as set out in the *1949 Washington Treaty* to safeguard the freedom, common heritage and civilization of our peoples, live in peace with all peoples and governments, and promote the stability and well-being of the North Atlantic area.

New Capabilities

Since the end of the Cold War, the alliance has taken steps to revise its doctrine and improve its command and force structures to meet today's threats. The 1999 Strategic Concept defined these new threats explicitly, noting that “new risks to Euro-Atlantic peace and stability were becoming clearer oppression, ethnic conflict, the proliferation of weapons of mass destruction, and the global spread of weapons technology and terrorism.”

While we have recognized the new threats, we have more to do to prepare NATO to meet them. The September 11, 2001 terrorist attacks demonstrated that the threats to allies and to our alliance can come from anywhere, at any time, employing devices ranging from a box cutter to weapons of mass destruction. In order to defend ourselves against these new threats, NATO needs to be able to deploy at short notice flexible, well-armed forces capable of conducting sustained operations across a range of military options.

While the U.S. currently possesses forces with such capabilities, in large measure our European allies do not. I believe the growing capabilities gap between the United States and Europe is the most serious long-term problem facing NATO and must be addressed. In order to fight effectively alongside the U.S., our European allies need flexible, sustainable forces, able to move long distances quickly and deliver overwhelming firepower on arrival. This will require

improved strategic lift and modern precision strike capabilities, as well as enhanced combat support and combat service support. Unless the disparity is substantially narrowed, NATO will be increasingly less able to play its part in countering the threats that now face us.

At Prague, NATO must begin to redress this imbalance by agreeing to steps aimed at improving overall Alliance capabilities. These will include further streamlining NATO's command structure to make it more responsive to today's threats and a commitment to provide the deployable, capable and ready forces NATO needs.

We are seeking a comprehensive improvement in European military capabilities. Although the Director Central Intelligence initiative identified many areas where improvements were needed, much remains to be done to fulfill its goals. We need to sharpen and narrow our focus. Increased defense spending remains an important goal, and we believe allies can also use resources more effectively by greater pooling of their efforts. Among the proposals we would favor is creation of a European Mobility Command to coordinate existing and future European airlift assets.

Afghanistan has also demonstrated the importance of Special Operations Forces in combined land-air operations. To enhance NATO capabilities in this area we will also propose creation of a Special Operations Coordination Center at SHAPE.

NATO must also develop the means to defend its forces and members against weapons of mass destruction fielded either by rogue states or terrorist groups or by some combination of the two. Here we have proposed initiatives on biological weapons defense and bio-terrorism and will soon offer proposals on missile defense.

New Members

Our second goal for Prague is to continue the process of building a united Euro-Atlantic community by extending membership to those democratic European countries who have demonstrated their determination and ability to defend the principles of democracy, individual liberty, and the rule of law. As the President observed last year in Warsaw, "Yalta did not ratify a natural divide, it divided a living civilization." He made it clear that his goal is to erase the false lines that have divided Europe and to "welcome into Europe's home" every European nation that struggles toward democracy, free markets, and a strong civic culture. The process of enlargement to Europe's new democracies launched in 1997 has fulfilled NATO's promise and brought us closer to completing the vision of NATO's founders of a free and united Europe. But our work is not done.

In his first meeting with allies last June, the President secured a consensus to take concrete, historic decisions at Prague to advance enlargement. We take as guidance the President's view that NATO "should not calculate how little we can get away with, but how much we can do to advance the cause of freedom."

We have been working with allies and the nine current aspirant countries to strengthen their preparations. A team led by Nick Burns, a U.S. Ambassador to NATO, visited the aspirant countries earlier this year to reinforce the importance of addressing key reform priorities in the months before Prague. Our team came away from its meetings impressed by the commitment of the aspirants to meeting their Membership Action Plan goals and advancing reforms, even while recognizing that they all have serious work ahead to prepare for membership. We have told aspirants that the U.S. has made no decision on which countries to support for membership, and we have urged them to accelerate their reforms between now and Prague. Members of this

committee and the rest of the Senate will rightly ask what capabilities and contributions potential new members will bring to the alliance.

The Washington Treaty makes clear that states invited to join NATO should be in a position to further the principles of the treaty and contribute to the security of the Euro-Atlantic area. This is the standard that we and our allies will apply as we approach decisions at Prague. Many aspirants have already demonstrated their determination to contribute to Euro-Atlantic security and stability. The Vilnius Group, meeting in Sofia last October declared its shared intention to “fully support the war against terrorism” and to “act as allies of the United States.” Aspirants have offered overflight rights, transit and basing privileges, military and police forces, medical units and transport support to U.S. efforts. Most will participate in the International Security Assistance Force in Afghanistan. Most aspirant countries have also contributed actively to NATO efforts to prevent further hostilities in the Balkans.

Some have asked in the aftermath of September 11, 2001 whether enlargement should remain a priority. I believe the answer is “yes.” The events of September 11, 2001 have reinforced the importance of closer cooperation and integration between the United States and all the democracies of Europe. If we are to meet new threats to our security, we need to build the broadest and strongest coalition possible of countries that share our values and are able to act effectively with us. With freedom under attack, we must demonstrate our resolve to do as much as we can to advance its cause. It is our goal and expectation that, working with you, we will be able to forge a solid and united approach to enlargement and build an equally strong consensus with the alliance. We welcome the support from members of this committee for the *Freedom Consolidation Support Act*, and believe that a solid bipartisan majority behind this bill will send a message of our commitment to an enlarged and strengthened Alliance. We look forward to the closest consultations with the Congress on this subject and to the debate in the Senate on ratification as we approach these historic decisions.

New Relationships

Our third goal for Prague is also aimed at advancing NATO’s core principles, those of living in peace with all peoples and promoting stability in the Euro-Atlantic area. As we work to complete the vision of a united Europe from which, Winston Churchill once observed, “no nation should be permanently outcast,” we must continue to reach out and expand cooperation and integration with all of NATO’s partners.

NATO and Russia have taken steps to give new impetus and direction to their extensive cooperation in the aftermath of September 11, 2001. President Bush’s vision is of a Russia “fully reformed, fully democratic, and closely bound to the rest of Europe,” which is able to build partnerships with Europe’s great institutions, including NATO.

NATO is now working with Russia to complete negotiations on creation of a new body the NATO-Russia Council that will permit joint decisions and actions in areas of common interest. At the upcoming Reykjavik ministerial, we are optimistic that Secretary of State Colin Powell will conclude with his colleagues the agreement on the new structure. To acknowledge the potential significance of the new relationship, President Bush will join NATO and Russian leaders at a summit May 28 in Italy to inaugurate the NATO-Russia Council.

Here’s what the proposed NATO-Russia Council will do:

- It will focus on practical, well-defined projects where NATO and Russia share a common purpose and a common goal;

- It will offer Russia the opportunity to participate in shaping the development of cooperative mechanisms in areas such as counter-terrorism, nonproliferation, and civil emergency preparedness;

Here is what the NATO-Russia Council will not do:

- The new body will not give Russia the ability to veto NATO actions in any areas;
- It is not a back door to NATO membership;
- It will not infringe on NATO prerogatives. NATO members will continue to take any decision by consensus on any issue.

The NATO-Russia Council will be fully separate from the NAC, which will continue to meet and make decisions as it always has on the full range of issues on NATO's agenda.

While forging new links with Russia, our cooperative vision for NATO embraces all of NATO's partners, including Ukraine, countries in the Caucasus and Central Asia, and Mediterranean Dialogue partners.

Our distinctive partnership with Ukraine has helped ensure that Ukraine continues to progress along the reform path and expand its links to the West. Ukraine has signaled its desire for closer integration with NATO. NATO has made clear to Ukraine the need for greater substantive progress in a number of areas. At Prague, we should welcome Ukraine's interest while looking to develop initiatives aimed at concrete results in strategic areas of common interest.

We want to focus at Prague on NATO's partner activities with countries of Central Asia that have played such constructive roles in the war against terrorism. The Partnership for Peace and EAPC have been successful vehicles for integration, but we believe that much more can be done to expand cooperation between NATO and these countries. Through the PfP, NATO can help build reformed, stable, democratic societies in Central Asia and the Caucasus. We need to make sure PfP programs and resources are tailored to their needs, so that they can develop the forces and training they need to meet common threats and strengthen stability.

Nearly fifty-three years after its creation, NATO remains the core of the United States commitment to Europe and the bedrock of our security. NATO has kept peace in Europe for over half a century, it continues to provide for Allies conventional and nuclear defense, and it is the nexus of cooperation with Russia, Ukraine, Central Asia and the Caucasus. No other organization can fulfill these roles.

A Europe whole, free and at peace is a goal fast becoming a reality thanks to NATO. We and our Allies have much work ahead, but also an historic opportunity to achieve our goals of defending, integrating, and stabilizing the Euro-Atlantic area and continuing to strengthen this greatest of Alliances. As we look to Prague and our agenda of new capabilities, new members, and new relationships, we look forward to working closely with members of this Committee to ensure that NATO will meet tomorrow's challenges.

North Atlantic Treaty Organization's Future

By

**Douglas J. Feith,
U.S. Under Secretary of Defense for Policy**

[The following are excerpt of the speech given to the Prague, Czechoslovakia Meeting held in November 2002.]

Mr. Chairman, Members of the Committee, I appreciate the opportunity to discuss with you North Atlantic Treaty Organization's (NATO's) future in the run-up to the Alliance's summit meeting in Prague next November. The preamble to the 1949 NATO Treaty states:

[The Parties] are determined to safeguard the freedom, common heritage and civilization of their peoples, founded on the principles of democracy, individual liberty and the rule of law. They seek to promote stability and well-being in the North Atlantic Area.

North Atlantic Treaty Organization (NATO) achieved these purposes during the Cold War. Since then, it fulfilled them in the Balkans through its peacekeeping work in Bosnia and in the war against ethnic cleansing in Kosovo. NATO has adapted itself to play an important role supporting the current U.S.-led war on terrorism. In the future, an expanding list of NATO members will continue to promote Euro-Atlantic stability. The Alliance will continue to safeguard the community of North Atlantic democracies against threats of all types, including, I suppose, threats we cannot now even anticipate.

Since 1949, broad, bipartisan support for NATO has been an element of U.S. national security policy. This is a sign that the phrase Atlantic community is meaningful. The United States and its European and Canadian Allies indeed constitute a community. We are not just a collection of members of a multinational forum. We share fundamental beliefs for example, about the nature of human beings, their rights and their relationship to their respective governments. And the security of the community's different elements is of a piece. Among the Atlantic community's members, there are large common interests economic and political as well as military and there is true fellow feeling that motivates action. For an alliance of this kind to remain vital for over fifty years, there must be more than a treaty underlying it. There must be sentiment a sense of community—that makes the Alliance richer than a simple legal obligation.

This point, I think, was illustrated in the immediate aftermath of the September 11 attack on the United States.

NATO and our NATO allies responded to the attack quickly, loyally and usefully. Less than 24 hours after the World Trade Center and Pentagon were hit, the NATO Alliance, for the first time in history, invoked Article 5 - the collective defense provision of the *1949 NATO Treaty*. Since last fall, seven NATO Airborne Warning and Control System (AWACS) aircraft have been patrolling U.S. skies. The war effort and the post-Taliban reconstruction and security effort in Afghanistan are benefiting from individual NATO Allies' and Partners' contributions. Such Allied contributions have come within and outside formal NATO structures. All those contributions, however, are the result of more than fifty years of joint planning, training and operations within NATO.

Those contributions have entailed great sacrifice. America is not the only NATO ally to have lost soldiers in Operation Enduring Freedom. The forces of our Canadian and European allies also have suffered losses, as have other coalition states in Operation Enduring Freedom.

In his statement to NATO defense ministers last June, Secretary Rumsfeld listed terrorism first among the new threats facing the Alliance. The others he mentioned were cyber-attack, high-tech conventional weapons, and ballistic and cruise missiles armed with weapons of mass destruction. Members of this Committee also recognize these new threats. As Senator Lugar pointed out in a recent speech:

The terrorist attacks on the United States of last September have graphically demonstrated how vulnerable we are. And when I say 'we', I mean the West in general, including Europe. The next attack could just as easily be in London, Paris, or Berlin as in Washington, Los Angeles or New York. And it could involve weapons of mass destruction.

NATO's core mission remains the collective defense of its members, as stated in Article 5. But there is room and need for change in how NATO fulfills its responsibility to protect the Alliance's interests and promote its principles. NATO will need to transform itself to handle new threats and serve its other purposes.

NATO's Prague summit meeting this fall will be an important event. At Prague, the United States will stress three themes: new capabilities, new members, and new relationships.

New Capabilities

NATO's military forces are the essence of the Alliance's essential function: common defense. But the notorious "capabilities gap" between the United States and its European and Canadian Allies continues to grow. If this divergence is not reversed, it will impede the Allies' ability to operate with U.S. forces in the future and will, ultimately, weaken the Alliance's political cohesion.

So our first goal at Prague must be to begin to remedy the capabilities deficiencies within NATO. We shall work to secure the commitment of allied leaders to specific measures and definite timelines to fix shortfalls in four top-priority areas:

First: Nuclear, biological, and chemical defenses to protect allied forces, and missile defenses to protect Alliance forces, territory, and population centers against the range of missile threats.

Second: Platforms (and support capabilities) to transport Alliance forces rapidly to wherever they are needed, and to supply them until their mission is completed.

Third: Communication and information systems that will connect alliance forces securely before and during combat and peace enforcement operations. And

Fourth: Modern weapons systems such as all-weather precision guided munitions, jamming systems, and capabilities to suppress enemy air defenses that will enable allies to make first-tier contributions to combat operations.

To achieve these goals, we believe that Allies should seek both to increase defense spending and to use their resources more effectively by pooling efforts.

At Prague, the United States will also seek agreements to streamline NATO's command and force structures. As you know, the United States is changing its own Unified Command Plan. Likewise, NATO should ensure that its command and force structures are reorganized for 21st century missions.

One of the U.S. Unified Command Plan changes has implications for the job of the Supreme Allied Commander, Atlantic (SACLANT). SACLANT heads one of the two existing NATO strategic commands. Today, the Commander of the U.S. Joint Forces Command serves as SACLANT. The new U.S. Unified Command Plan, however, will refocus the U.S. Joint Forces Command solely on its transformation mission. Secretary Rumsfeld has approved the decision to divest the Commander of the U.S. Joint Forces Command of his SACLANT responsibilities.

Various allied officials have told us that NATO's connection to an American four-star Combatant Commander, based in the United States, is an important trans-atlantic link for the alliance. We are consulting with Lord Robertson, NATO's Secretary General, and with the allies on the future arrangements for SACLANT. We are intent on bolstering, not cutting, the Alliance's trans-atlantic links. We shall do so in ways that serve the common interest in promoting defense transformation and streamlining the NATO Command Structure.

New Members

Our second goal at Prague will be to invite additional European democracies to join the Alliance. President Bush declared his policy on NATO enlargement in a speech last June in Warsaw:

I believe [the President said] in NATO membership for all of Europe's democracies that seek it and are ready to share the responsibility that NATO brings. As we plan the Prague Summit, we should not calculate how little we can get away with, but how much we can do to advance the cause of freedom.

Mr. Chairman, I recall that you, Senator Helms, and other Members of this Committee wrote to President Bush a few weeks before his Warsaw speech, saying:

It is in America's strategic interest that the process of NATO enlargement continue.

The events of September 11 have intensified the President's commitment to this goal. The Administration wants to preserve a bipartisan approach as we move forward. An enlarged alliance of democratic states with improved military capabilities and interoperability, joint defense and operational planning, and realistic training exercises will be better able to fulfill the Alliance's purpose to increase the security of its members and provide for their common defense against terrorism and other threats.

The aspirant countries are demonstrating their ability to operate with the Alliance. For example, in the past year, seven of the nine NATO aspirants contributed forces to the NATO-led operation in Kosovo, and eight of the nine participated in the NATO-led operation in Bosnia. Aspirants also have contributed in various ways to Operation Enduring Freedom for example, through intelligence, over-flight rights, use of their air bases, offers of personnel to support operations in the region, and public and diplomatic support. They have conducted themselves as we want our allies to act.

Mr. Chairman, we recognize that enlargement of the alliance is not an exercise free of risks and difficult judgments. People of experience and wisdom warn of the dangers of making the alliance unwieldy. They do not want the alliance to dilute its military capabilities through enlargement and they are concerned about NATO's relations with neighbors. They want to ensure

that any enlargement will strengthen NATO's ability to perform its defense mission. They want to ensure that the commitment of new members to the alliance's principles and work will be real and enduring. We respect these views and share the concerns. Enlargement must be done with care.

As part of this process, the Department of Defense is working with the aspirants through bilateral and NATO channels to help them become the best possible candidates. We are assessing the state of each aspirant's military structures, its implementation of defense reforms, the readiness of its military units dedicated to NATO led missions, and the military value it can bring to NATO. We are telling them clearly where improvements are necessary.

New Relationships

A third goal for the Prague summit is to strengthen NATO's relationship with Russia and revitalize its relations with members of NATO's Partnership for Peace.

President Bush has made a top priority of creating a new, cooperative U.S.-Russian relationship. That effort is integrated with the work we are doing with the NATO Allies to enhance the NATO-Russia relationship based on specific, practical cooperation. The goal is to erase any vestiges of Cold War hostility. Fostering improved NATO-Russia cooperation can induce further democratic, market and military reform in Russia and contribute to improving Russia's relations with its neighbors. President Bush supported a NATO-Russia Summit at the end of this month as a means to press forward on this path.

As we do so, NATO will take care to retain its ability to decide and act on security issues as its members see fit. Protecting Alliance solidarity and effectiveness is of the utmost importance. The North Atlantic Council will decide, by consensus, on the form and substance of our cooperation with Russia. Russia will not have a veto over Alliance decisions. And we shall ensure that NATO-Russia cooperation does not serve to discourage or marginalize other Partners.

Conclusion

We plan to use the Prague Summit to improve the Alliance to make it more capable militarily, better able to secure the peace and more tightly knit across the Atlantic. I believe we have strong, bipartisan support for this approach. I look forward to continuing to work with you and all Members of this Committee as we move toward the 2002 Prague Summit.

Poland Eager to Embrace New NATO Relationships

By

Jerzy Szmajdzinski
U.S. Polish Defense Minister

[The following article is a reprint from *Defense News*, May 13-19, 2002. We would like to thank *Defense News* for their permission to reprint this article.]

When Jerzy Szmajdzinski was tapped to head Poland's Defense Ministry in October 2001, the career government official was given just ten months to choose the Air Force's new multirole fighter jet. With the contract award now set for August, he sits at the center of a heated trans-Atlantic contest between the Swedish-British JAS-39 Gripen and the U.S. F-16C/D Block 50+.

Since the Gripen team recently won contracts in Hungary and the Czechoslovakia Republic, United States industry and senior government officials have aggressively lobbied Szmajdzinski and other Polish officials for the F-16, offering new and better financial terms in an attempt to seal the deal.

During a recent trip to Washington, Szmajdzinski talked with *Defense News* staff writer Amy Svitak about fighters, North Atlantic Treaty Organization enlargement and Poland's contribution to the international fight against terrorism.

Question. What is the status of the Polish fighter competition between Europe and the U.S.?

Answer. There is strong competition between the British proposal and the American proposal. Poland is interested in the possibility of a financial loan, through the Defense Export Loan Guarantee program and flexible timing of payments. Offsets are considered a chance to have access to new technology, which can bring new jobs. In Poland, we have 20 percent unemployment. It is important we have opportunity for cooperating with Lockheed Martin. I can say that the efforts made in the recent weeks have been encouraging but not sufficient if you compare with the efforts made by BAE SYSTEMS which is helping to market the Gripen.

Question. Will the U.S. government change the loan program in time to affect your decision?

Answer. It is April now. Bids must be given by mid- or late August. Of course we will be watching the formal legal processes, and will be interested in them. We are making changes in our offset law as well. It will be more flexible. And they will promote more new technologies. For example, the multiplier for the value of new technologies at the moment is two. After the amendment, it may be five.

Question What has Poland done to bring its armed forces up to NATO standards?

Answer. Tender for the wheeled armored personnel carrier, guided missiles, the radio relays, equipment for ships and anti-aircraft missiles. We are also operating Mi-24 helicopters. We are also equipping armed forces with new communication and reconnaissance, withdrawing some equipment. And trying to make our processes more deployable and have more survivable outside the areas of our country.

Question. Where do you expect to see intensified U.S.-Polish defense cooperation?

Answer. Secretary Rumsfeld proposed we intensify information exchanges and searches for new armed forces structures. By exchanging these experiences, they could be beneficial for both our parties. We could be the creators and role model for others. Of course, Polish-American cooperation to a larger extent should concern cooperation between American and Polish defense industry in research and development. We already have the beginnings of this cooperation. There was a conference in March at Washington's Center for Strategic and International Studies on the modernization of the Polish defense industrial base. We also are implementing assistance programs.

Question. What contributions has Poland made in Afghanistan and other areas of the war?

Answer. We have contributed to cooperation in the war on terror, to the joint military base in Bagram. Our troops are in the region of the Persian Gulf. One of our ships, a logistics ship, will be used in the Arabian Sea and the Persian Gulf. We have informed Secretary of Defense Rumsfeld of our readiness to provide equipment and training for the armed forces of Afghanistan.

Question. Is Poland prepared to go to war with Iraq if the United States decides to do so?

Answer. We think it is most important to have the antiterrorist coalition as broad as possible. It is very helpful in running this war. This is why one should do everything possible to keep this coalition. First, it is necessary to solve the Middle East conflict, or at least to begin solving this conflict. Political solutions have been found in Afghanistan. The alternative to the Taliban has been sought. The conditions of the new government have been created. As far as Iraq is concerned, it will be useful to implement similar programs. We know it will be much more difficult in Iraq.

Question. Do you support Russia's new relationship with NATO?

Answer. It is in the interest of Poland for NATO to develop a relationship with Russia because we want our eastern border to be not a border between two worlds but of cooperation.

Question. How has NATO's role shifted since September 11, 2001?

Answer. The new vision should reinforce the trans-Atlantic bond to resolve current situations and discuss the technology to conduct anti-terror operations in and out of NATO operations. It is important to establish good relations between NATO and the European Union. NATO should also have a new military capability: strategic lift. NATO armed forces should reconsider the rapid-reaction forces and special forces.

Question. Is the United States doing enough to share technology with its NATO partners?

Answer. We think the missile defense system program could be a sort of glue for the trans-Atlantic community, a chance for cooperation in research and development. I think that it is inevitable, the question is only when and to what extent. It would have to mean that the technologies would be provided, and that we would work together on new technologies.

PERSPECTIVE

Quality in Government: An Application of Quality Standards to the U.S. Foreign Military Sales Program

By

**Joseph Milligan
Navy International Programs Office**

To gain and sustain competitive advantage in a changing and increasingly demanding global economy, both business and government have introduced a wide variety of innovations to improve processes and practices.¹ Quality management is one principal innovation that business has used to continue improving, but according to quality expert Dr. H. James Harrington, “There has been some government quality improvement, but not nearly enough.” In a December 2000 commentary published in *Quality Digest*, Harrington assigned U.S. government a grade of “D” “A” to “F” scale) pertaining to quality. (By contrast, he gave U.S. manufacturing an “A” and U.S. education an “F”).² The purpose of this article is to engender positive discussion regarding the need to improve quality in government. Recognizing that quality is not easily defined (Simon 53) and that government is a vast enterprise, this article offers practical illustrations to aid understanding and takes the following approach:

- First, it provides a brief description of the International Organization for Standardization (ISO) 9000 family of quality standards to establish a common basis for understanding. (Rationale for selection: ISO 9000 as an international quality standard has worldwide recognition. Also, federal procurement officials may use ISO 9000 as a higher-level quality standard when contracting with industry for “complex or critical item” (FAR 46.202-4)).
- Secondly it introduces a particular group of U.S. government organizations – those engaged in the foreign military sales (FMS) Program that describes the principal information product that these organizations collectively produce – the Letter of Offer and Acceptance (LOA); it reviews the quality measures the FMS Program currently employs to produce the LOA. (Rationale for selection: The FMS Program is “A Hotbed of Innovation and Change” (LeBoeuf, 15) within the U.S. government that remains open to further change and improvement.)

¹ Simon analyzes and evaluates six frameworks to improve performance in government organizations: “total quality,” excellence, reinvention (to include the National Performance Review), reengineering, *Government Performance and Results (GPRA) Act of 1993*, and the Baldrige Award. He concludes that Baldrige and “total quality” offer the greatest possibility for improvement. Though Simon did not discuss ISO 9000, his study did focus on quality as a “shift from an analytical dominant perspective to a system-thinking methodology” (51) which is the approach promoted by ISO 9000:2000 Quality Management System.

² In a 12 August 2002 exchange with the author, Dr. Harrington stated that he believed improvement in some government departments had occurred, but not enough. He stated that in his opinion government would get a “D+.”

- Third, discusses the application of ISO 9000 to LOA production as well as the benefits that would accrue to FMS program organizations by adopting ISO 9000. (The author contends that adopting a systematic, process-based approach to quality management would enhance current practices in the FMS Program.)

What is ISO? What is the ISO 9000 family of quality standards?³

The International Organization for Standardization (ISO) was established in 1947 as an international body headquartered in Switzerland to define voluntary, worldwide standards for commerce. After eight years of international collaboration, ISO introduced its 9000 family of standards for quality management in 1987. These standards, used worldwide as a basis for establishing quality management, were updated in 1994 and revised in 2000. These standards provide a common language for managers and employees at all levels, as well as customers, to understand the meaning of quality.

The current ISO 9000 family includes three standards relating to establishment of a quality management system (QMS)⁴: (1) 9000 provides an overview of the “Fundamentals and Vocabulary” of a QMS; (2) 9001 details the Requirements for a QMS; and (3) 9004 offers “Guidelines for Performance Improvements.” (Selection 2). ISO 9001 is the principal quality standard and consists of over twenty activities organized in five interrelated sections: Quality Management Systems, Management Responsibility, Resource Management, Product Realization, plus Measurement, Analysis, and Improvement.

The ISO 9000 family of quality standards provides managers a flexible framework by articulating what requirements should be met by an organization’s quality system, but does not dictate how the organization must meet these requirements (ISO/TC 176). Another key aspect includes the incorporation of eight “Quality Management Principles to help managers lead the organization toward improved performance in a transparent and systematic manner.” Figure 1 provides a listing and definition of each of these principles. Above all, ISO 9001 emphasizes documenting a “process approach,” defining a “process” as an “activity using resources, and managed in order to enable transformation of outputs” (Sec. 0.2). This comprehensive family of quality standards provides a basis to further explore quality measures within government organizations.

What is the FMS Program? What is the LOA? What are current quality measures?

The FMS Program⁵ is comprised of a number of different offices and organizations, principally within the Department of Defense (DoD), that are collectively referred to as the FMS

³ ISO 9000:2000 standards are available to DoD at no charge as part of a DoD Acquisition Reform. Detailed instructions are on the Defense Standardization Program (DSP) website at <http://dsp.dla.mil/ISO-docs.htm>. DoD employees using a .mil address may download ISO standards directly from <http://www.nssn.org> (Delorie).

⁴ To distinguish between 1987, 1994, and 2000 versions of these quality standards, ISO refers to the current family of standards as ISO 9000:2000. The individual standards are ISO 9000:2000 (family and this initial standard have same designation), ISO 9001:2000, and ISO 9004:2000, respectively. ISO 9002 and 9003 existed in earlier versions, but were subsumed in ISO 9001:2000. For the sake of the reader and since only the 2000 version is further discussed in this article, the author has omitted the 2000 suffix.

⁵ The FMS Program is a principal element of Security Assistance. Considered a tangible instrument of foreign policy to realize National Security objectives, FMS is controlled by the State Department, but administered by the Defense Security Cooperation Agency (DSCA). FMS has existed in one form or another for more than fifty years, but was codified as currently structured in 1976 as part of the *Arms Export Control Act* (AECA).

Community.⁶ The FMS Program involves the sale of U.S. defense articles or services to eligible countries and international organizations on a government-to-government basis. By law, the FMS program is entirely self-financed from revenues generated through sales. Although revenues were sustained throughout the Cold War and post-Gulf War, FMS program sales rapidly declined during the mid-1990s.⁷ Also, the press criticized the FMS Program in 1998 as mired by “bureaucratic red tape, lax management and a reluctance to adapt to market demands” (Opall, 1). The FMS program was generating less revenue and appeared on the verge of losing relevance. FMS community leaders responded by aggressively pursuing a significant number of innovations (LeBoeuf, 14). The innovations led to a “remarkable turnaround” (*Defense News*, 20) with the FMS program regaining appeal (i.e., “relevance”) among customer countries (Svitak), reaching sales levels of the early 1990s (Davison, Overview, 5). As important as these innovations were to the health of the FMS program, they lacked an explicit commitment to systematically pursue improving quality.⁸ The next portion of this article explores the LOA in the primary output⁹ (“product”) of the FMS program, the LOA production process, and the current role of quality in producing the LOA.

Eight Quality Management Principles from ISO 9000	
<p>Customer Focus - Organizations depend on their customers and therefore should understand current and future needs, should meet customer requirements and strive to exceed customer expectations.</p> <p>Leadership - Leaders establish unity of purpose and direction of the organization. They should create and maintain the internal environment in which people can become fully involved in achieving the organization's objective.</p> <p>Involvement of people - People at all levels are the essence of an organization and their full involvement enables their abilities to be used for the organization's benefit.</p> <p>Process approach - A desired result is achieved more efficiently when activities and related resources are managed as a process.</p>	<p>System approach to management - Identifying, understanding, and managing interrelated processes as a system contributes to the organization's effectiveness and efficiency in achieving its objectives.</p> <p>Continual improvement - Continual improvement of the organization's overall performance should be a permanent objective of the organization.</p> <p>Factual approach to decision making - Effective decisions are based on the analysis of data and information.</p> <p>Mutually beneficial supplier relationships - An organization and its suppliers are interdependent and a mutually beneficial relationship enhances the ability of both to create value.</p>

Figure 1 (Lucius 22-23)

⁶ The FMS Community is made up of different organizations within various governmental agencies at different levels and include State Department and DoD level agencies, Military Departments, U.S. Coast Guard, Navy Inventory Control Points, Program Manager, etc. Two of these organizations are discussed in this article: The Defense Security Cooperation Agency (DSCA) and the Navy International Programs Office (Navy IPO).

⁷ DSCA reported FMS levels for 1991-1998 were: 1991: \$17.3B, 1992: \$13.9B, 1993: \$31.1B, 1994: \$13.3B, 1995: \$8.6B, 1996: \$10.3B, 1997: \$8.8B, and 1998: \$8.6B (Davison, Overview 5).

⁸ The author agrees that the pursuit of “quality” was an implicit part of these FMS program innovations.

⁹ “Outcomes” from the FMS Program include enhanced foreign policy and national security objectives. However, this article limits discussion to one significant, immediate “output” of the FMS program, and the LOA. Further differentiation between “outcome” and “output” is considered beyond the scope of this article.

Within the FMS Program, the principal, immediate output is the LOA “. . . a contractual sales agreement between the seller (the U.S. government) and the purchaser (a foreign government or international organization).” “The LOA is based on applicable regulations and the specifications the purchaser has set forth in its Letter of Request (LOR)” (Brandt, 185). The LOR is the initial input that begins the process, and the LOA is the product of the process. In this context, the LOA must enhance customer satisfaction and meet “customer as well as statutory and regulatory requirements” and, therefore, may be considered the product of the process.

The LOA production process uses a “value chain”¹⁰ similar to that illustrated in Figure 2. The “Customer Country” sends the LOR (or initial order) to the “LOA Production Organization” (e.g., appropriate military department or DoD agency), which, in turn, forwards the LOR to the appropriate “Data Supplier” (e.g., Program Manager). This “Data Supplier” gathers requested components of information and returns these to the “LOA Production Organization” which assembles the LOA components and delivers the finished product to the “Customer Country.”

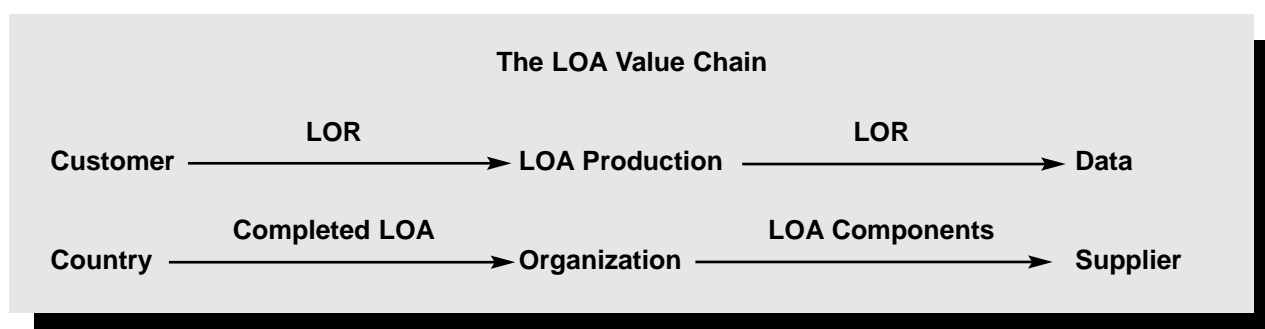


Figure 2 (Adapted from ISO 9001, Section 3)

The Defense Security Cooperation Agency (DSCA), the DoD-level agency that oversees the entire FMS Program, addresses quality and the LOA in one general and two specific instances in the *Security Assistance Management Manual* (SAMM)¹¹ as well as in a 1999 policy letter entitled *Quality Review of Letter of Offer and Acceptance (LOA) Documents*. In the general case, the SAMM contains a single sentence on “quality control” that charges the agency responsible for processing the LOA with ensuring “adequate controls exist to assure mathematical and factual integrity, and completeness, of the LOA package” (SAMM 70102.D). In the first specific case, the SAMM mandates “a standard quality technical review” by trained personnel to ensure the LOA complies with laws pertaining to the Missile Technology Control Regime (MTCR).¹² In the

¹⁰ “Value Chain” is a concept that consists of partnered organizations using a managed process to produce a custom tailored product that matches customer needs in a manner that is integrated to add value (Chase, 328). This concept is contrasted with a “Supply Chain” which provides an illustration of how organizations are linked together from a particular company’s viewpoint (Chase, 332). The author of this article contends that the FMS Process is more appropriately represented by the Value Chain paradigm.

¹¹ The SAMM is the primary document for the FMS Program and assists, “. . . in complying with . . . statutes and directives; complying with policies, procedures, and reporting requirements; and facilitating changes to SA policies and procedures.” (SAMM, 10001). In other sections, the SAMM does emphasize the importance of the U.S. government employing “the same quality and audit inspection procedures as would be used in procuring for itself” when procuring items for customer countries.

¹² The MTCR “is an informal international political arrangement designed to control the proliferation of rocket and unmanned air vehicle systems (and their associated equipment and technology) capable of delivering weapons of mass destruction” (SAMM Section 50004.D.1). Further discussion is considered beyond the scope of this article.

second specific case, the SAMM establishes criteria to improve the quality of payment schedules attached to LOA's (SAMM 130401.A).

In late 1999, DSCA published the "Quality Review" policy identifying the lack of LOA quality as a customer dissatisfier and called for quality improvement in the LOA proposing specific solutions (Davison Memo). This policy letter lists eleven areas of serious non-conformance that would result in DSCA rejecting and returning the LOA for re-work and another six areas of less serious non-conformance. Examples of serious problem areas include: failure to include or update a case closure date, inaccurate offer expiration dates, and inappropriate or duplicative notes, terms, or conditions. As an illustration of one measure of quality, DSCA monitors the number of LOAs and related documents submitted for approval versus those rejected. These documents showed a 10-11 percent rejection and rework rate during the first half of fiscal year 2002 (SCDF 12). However, these rates included legitimate and "false" rejections caused, for example, by faulty information technology systems (Baillie).¹³ Therefore, DSCA continues to study this area further to develop a useful "quality component metric" (Millies, 2). Certainly, this policy letter, the SAMM, and efforts to develop quality metrics provide evidence of some commitment to quality.

As an example at the Military Department (MILDEP) level, the Navy International Programs Office (Navy IPO)¹⁴ is an "LOA Production Organization" that has introduced initiatives to improve LOA quality (LeBoeuf). At the beginning of some new FMS programs, Navy IPO conducts a Case Initiation Meeting (CIM) with representatives from the Program Manager and customer country to ensure customer needs as expressed in the LOR are clearly understood and that Navy IPO is able to respond. The CIM uses a checklist approach to ensure that all aspects of a potential sale are appropriately considered. In a similar fashion, Navy IPO convenes a Quality Review Board (QRB) with a similar group of stakeholders just prior to completing the LOA to ensure precedent setting and high dollar value cases comply with applicable statutes, regulations, and policies as well as meet customer requirements. Finally, in another effort to improve quality, Navy IPO conducts an LOA Conference on a periodic basis to conduct training and review current and new practices, procedures, and policies with "Data Supplier" representatives. (Baillie).

How would ISO 9000 apply to LOA production? How would the FMS Program benefit by adopting ISO 9000 for LOA production?

Current LOA production documentation and practices provide a firm basis on which to build a robust QMS that is systematic and process-oriented. This portion of the article examines examples of how the various elements LOA production process already discussed would "fit" into the ISO 9001 approach, and, conversely, discuss how ISO 9000 could be applied to the LOA production process. (For ease of reference, numbers in parentheses denote the applicable subsection in ISO 9001.)

- FMS Community leadership is seeking to develop a useful "quality component metric" for the LOA. Referencing "Management Responsibility, Section 5" and "Product Realization, Section 7," ISO 9001 articulates that the quality objectives should be both measurable and consistent (5.4, 7.1).

¹³ Though beyond the scope of this article, an interesting area for further study would include a detailed analysis of the cost of LOA rework (i.e., the cost of "not getting it right the first time") which would provide further insight to the cost of not having an explicit, systematic approach to quality.

¹⁴ Navy IPO leads all International Programs efforts for the Department of Navy (DoN) including the FMS Program.

- The current DSCA policy letter delineates criteria for non-conformance, but does not assign specific responsibility for quality. ISO 9001 points to the need to identify those personnel responsible to ensure quality is built into specific elements of the LOA at each level of the value chain (5.5).

- Senior management conducts metrics reviews; however, a need exists to identify quality measures for use by the entire FMS Community when producing the LOA. DSCA, or respective MILDEP offices, could reaffirm management commitment (5.1) to producing a quality LOA as well as conducting periodic reviews to gauge LOA quality (5.6) in a comprehensive and relevant “Quality Policy” (5.3).

- In the “Resource Management, Section 6,” ISO 9001 states that all personnel performing work affecting product quality would receive specific quality training (6.2). The SAMM states that trained personnel must provide “a standard quality technical review” of the LOA for Missile Technology Control Regime compliance. ISO 9001 would guide the FMS Community to extend this same standard to the entire LOA.

- Quality practices within Navy IPO already correlate, to a certain extent, to ISO 9001 subsections relating to customer focus (5.2) and customer-related processes (7.2) for determining and reviewing requirements as well as communicating with the customer. Adoption of ISO 9001 would fully incorporate these customer focus practices into the entire production process in a systematic, process-based manner.

Without a systematic, process-based approach, the FMS community risks omitting reviews or conducting redundant and possibly inconsistent quality reviews that add time (and therefore cost) to LOA production which are then passed on to the FMS customer. As reported by *Defense News*, one European representative identified “a lack of consistency” between military services in executing FMS Programs, and a Canadian representative wanted to see more done in order “to demonstrate the value added in FMS which would enhance defending a decision to go U.S. FMS” (Svitak). In summary, the systematic approach outlined in ISO 9001 would benefit the FMS community by ensuring that all elements of a sound QMS were considered to improve the process and LOA versus the “ad hoc” approach, which might omit critical elements that would lead to an improved product, process, or both.

An effective quality management system (QMS) would add value for customer countries and continue to strengthen stakeholder confidence in LOA production and the FMS program as a whole. Conformance with an internationally recognized standard would demonstrate to customer countries a commitment to apply quality in the FMS program and related processes. A QMS would provide a systematic approach and focus as well as offer guidelines (ISO 9004) for continual improvement. As an additional benefit, particularly relevant to programs in the federal sector, implementing a QMS would offer a mechanism to overcome growing concerns regarding the “graying of the workforce.” Developing and documenting standardized processes would facilitate training new workers in the FMS community and help ensure continued production of a quality LOA.

In fairness, “quality” and “quality programs” should not be summoned as a magical incantation to solve organizational problems. As one example, quality expert Steve Levitt cautions against the possibility of losing focus, “Quality programs, without benefit of additional guiding purpose, run the risk of improving what was, instead of preparing for what should and must be” (xi, emphasis in the original). Also, earlier versions of ISO 9000 were criticized for too much emphasis on focusing on the quality of their Quality Manual and a “paperwork drill” that did not lead to positive changes like measuring defect levels and product conformity (McGovern, 67). The purpose for any quality program should not be, of course, to get an “A” grade from

today's quality experts (e.g., Mr. Harrington) nor necessarily win the Baldrige Quality Award (or the government's equivalent: Presidential Quality Award (although both would be considered pleasant by-products)). A quality program must contribute to achieving competitive advantage.

How to Implement a Quality Management System ¹	
Steps	Guidance
1. Identify the goals the organization wants to achieve	Typical goals may be the following: <ul style="list-style-type: none"> • Be more efficient • Achieve customer satisfaction • Improve communications and morale within the organization
2. Identify what others expect of the organization	The following are the expectations of interested parties (stakeholders): <ul style="list-style-type: none"> • Customers and end users • Employees • Suppliers
3. Obtain information about the ISO 9000 family	<ul style="list-style-type: none"> • Visit the ISO website: http://www.iso.ch • See the standards: ISO 9000, ISO 9001 and ISO 9004 (Standards are available to DoD at no charge as part of a DoD Acquisition Reform. Detailed instructions are on the Defense Standardization Program website at http://dsp.dla.mil/ISO-docs.htm. DoD employees using a .mil address may download ISO standards directly from http://www.nssn.org.)
4. Establish current status, determine the gaps between current management system and the requirements of ISO 9001	May use one or more of the following: <ul style="list-style-type: none"> • Self assessment • Assessment by an external organization
5. Determine the processes that are needed to supply products to customers	Review the requirements of the ISO 9001 on Product Realization to determine how these requirements do or do not apply.
6. Develop a plan to close the gaps identified in Set 4 and to develop the process determined in Step 5	Identify the actions needed to close the gaps, allocate resources to perform these actions. ISO 9001 sections 4.1 and 7.1 provide the information needed to consider developing the plan.
7. Carry out the plan	Proceed to implement the identified actions and track progress to schedule.

¹ Adapted from pages 6-8 of the brochure published by ISO in *Selection and Use of the ISO 9000:2000 Family of Standards*. The Brochure is available at <http://www.iso.org/iso/en/prods-services/otherpubs/pdf/selusee.pdf>.

By adhering to rigorous innovation, the FMS program has regained revenue, relevance and, in a sense, its “guiding purpose.” With respect to this innovation, quality has played an important, but indirect role. In some cases, quality has been explicitly invoked, although in a limited fashion, to improve certain aspects of LOA production. While a commitment to quality is apparent, the FMS program has not explicitly implemented a systematic, process-based quality program. Adopting such a program is and ought to be a “strategic decision of the organization” (9001 0.1),

and this article has sought stimulate such a positive decision to adopt such a program by describing a systematic, process-based approach to quality and outlining some of the benefits that would accrue if applied to the LOA production process.

Obviously within the FMS Program this quality approach could be extended to execution of the LOA (providing the actual material and service at the agreed price and time) and performance of the system sold as part of the LOA, as well as applied to the full spectrum of “products” under the FMS umbrella such as leases, loans, grants, etc. This quality management approach could also provide benefit to other federal government organizations that produce information products, which move through a similar value chain and must meet customer requirements. For now, though, by incorporating a systematic, process-based QMS, the FMS program has the unique opportunity to demonstrate that “Quality in Government” extends beyond a fuzzy concept or mere contracting requirements for “higher-quality standards” (*Federal Acquisition Regulation*) to mean the application of specific and explicit higher standards of quality to government itself.

About the Author

Joseph Milligan is the Deputy Director for Security Assistance at the Navy International Programs Office in Washington, D.C. where he oversees the entire security assistance program for the Department of the Navy. He is currently working to implement systematic, processed-based approaches within the Department of Navy Security Assistance Program. Also, as a Naval Reservist, he serves on the staff of the Naval Inspector General working to improve efficiency, cost management, and financial integrity. He welcomes comments or opinions on this article and may be contacted at the following e-mail address: milligan.joseph@navy.mil.

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EDUCATION AND TRAINING

Why Some In-Country English Language Training Programs Do Not Work: What Every Security Assistance Training Officer Should Know

By

**Thomas Molloy
Defense Language Institute English Language Center**

Introduction

Since its founding, the Defense Language Institute English Language Center (DLIELC) has conducted hundreds of surveys of overseas English Language Training Programs (ELTP). In reading the survey reports, one finds that there are no uniquely bad or uniquely good ELTPs. Effective and ineffective ELTPs around the world share common characteristics. The primary purpose of this article is to describe the principal characteristics of ineffective ELTPs so that security assistance offices (SAO) can assist host-country officials to improve their ELTPs. But first, a little background information about DLIELC.

When we tell people we work at the Defense Language Institute, they generally ask how we like living in Monterey, California. When we look out our office windows, we do not see seals and sea lions frolicking in Monterey Bay; we see the bluebonnets of Texas. We are the “other” DLI, located on Lackland Air Force Base in San Antonio, Texas. Just as Lackland Air Force Base, because of its basic military training mission, is called the Gateway to the Air Force, so DLIELC is, for many international military students (IMS), the gateway to America. It is the first stop on their U.S. odyssey.

In its almost fifty years of existence, DLIELC has evolved from an “out-of-the-box” concept, to a tentative experiment, to a world-renowned and fully accredited, indeed preeminent, English language training (ELT) institute. Wherever one goes in the world, one encounters DLIELC alumni, who recall their DLIELC instructors and experiences with nostalgia and gratitude. The faculty and staff of DLIELC take enormous pride in the knowledge that military and ministry of defense hierarchies throughout the world are full of DLIELC graduates, who communicate with their U.S. and international counterparts in English they learned at DLIELC.

A comparison of the modern DLIELC campus with the jerry-built, ramshackle, Korean-War vintage campus of just a few years ago, gives tangible evidence of DLIELC’s evolution. However, the most significant, but less visible, evolution has taken place in its cadre of professional personnel. The average level of qualifications, experience, and professional competence has grown exponentially. The Commission on English Language Program Accreditation, after a grueling evaluation process, has recognized DLIELC’s professional competence by granting it full accreditation.

DLIELC's Resident Mission

Because the primary focus of this article is to identify the types of failings we find in conducting surveys of overseas ELTPs, I will limit my description of DLIELC's resident program to just a few words. Over the past several years, DLIELC has provided English language training at its Lackland Air Force Base campus to an average of about 2,500 students per year. About 1,900 of these students were IMSs and the other 600 were U.S. Army non-native English speakers. Most of our IMS graduates proceed from DLIELC to follow-on training sites throughout the United States. The most significant exception are our IMSs who attend DLIELC to take English language instructor courses. They return to their homelands after completion of their DLIELC training. Our U.S. Army enlisted graduates proceed to U.S. Army basic training and the officer graduates to U.S. Army basic officer courses.

DLIELC's Nonresident Mission

DLIELC has a multifaceted mission. In addition to its resident mission, DODD 5160.41 charges the DLIELC Commandant with responsibility for:

- Providing, when necessary, Mobile Training Teams (MTTs) and Language Training Detachments (LTDs) to assist in the operation of ELT programs in the CONUS and overseas;
- Performing field evaluations to assess mission accomplishment.

In fulfilling its global mandate, DLIELC deploys MTTs and LTDs to provide instructional, advisory, and managerial services to friendly nations around the world. In order to support its far-flung operations, DLIELC requires all newly hired professional personnel to sign a mobility agreement, according to which they acknowledge the right of the DLIELC Commandant to send them anywhere in the world for up to three years. DLIELC personnel are carefully vetted before being assigned to represent the United States in an overseas position and must possess secret clearances before deployment.

During fiscal years 2000 and 2001, DLIELC deployed 240 personnel, representing 3,741 man weeks, to 49 countries: Bahrain, Bosnia, Bulgaria, Albania, Canada, Chile, Colombia, Congo-Brazzaville, Czech Republic, Croatia, Dominican Republic, Egypt, Former Yugoslav Republic of Macedonia, Gabon, Georgia, Germany, Honduras, Japan, Jordan, Korea, Kyrgyzstan, Kuwait, Latvia, Lithuania, Malaysia, Mali, Mauritania, Mexico, Moldova, Mongolia, Namibia, Nicaragua, Niger, Oman, Paraguay, Peru, Poland, Qatar, Romania, Sao Tome and Principe, Slovakia, Slovenia, Switzerland, Taiwan, Togo, United Arab Emirates, Ukraine, Uzbekistan and Venezuela. Thus far in fiscal year 2002, the pace of non-resident deployments is projected to exceed that of fiscal years 2000 and 2001.

Most often, the first DLIELC deployment to an overseas location is a field evaluation or survey. The purpose of a survey is to evaluate the host-country's English language training capabilities and make recommendations to improve them. Usually a survey is requested because a country has been unable to meet demands for personnel who are proficient in English. These demands may involve a need for personnel to do any of the following: serve as interpreters and translators, attend U.S. military schools, participate in international peacekeeping missions or joint exercises with U.S. and international forces, function as a member of NATO, etc. Depending on the survey findings, the host-country, through the security assistance officer, may request that DLIELC deploy a team, on a temporary duty or permanent change of station, basis to provide instructional, managerial or advisory services. DLIELC's primary overseas mission is to help countries become self-sufficient in meeting demands for English-language-qualified personnel.

Common Failings of Overseas ELTPs

Below is a brief description of some of the most common failings that DLIELC survey team members have identified over the years.

- **Poor Instructional Quality.**

The quality of instruction is perhaps the single most important variable in the effectiveness of an ELTP. Some of the principal instructional failings observed by DLIELC personnel in overseas ELTPs are:

- Lack of English language proficiency on the part of instructors.
- Conducting classes primarily in the native rather than the target (i.e., English) language.
- Too much lecturing at the expense of student participation.
- Poor instructor motivation, frequently attributable to poor pay and working conditions.
- An emphasis on literature before the student can handle basic conversational English.
- Trying to teach specialized language before the students have mastered basic English.

- **Poor Utilization of Instructors**

In many countries there is a legacy of assigning very few class hours per week to instructors. This apparently stems from the university academic tradition, according to which instructors spend a great deal of time preparing for each hour of class. It is not uncommon for English language instructors in intensive ELTPs to be assigned only five or six platform hours per week. Contrary to this tradition, if DLIELC's American Language Course is employed as a core curriculum, relatively little instructor preparation is required. At DLIELC, instructors teach twenty-nine platform hours per week. It comes as no surprise that ELTPs that underutilize their instructor workforce are chronically short of instructors.

- **Inefficient Utilization of Resources**

Many countries utilize their scarce resources ineffectively and inefficiently because they do not have clear ELTP output objectives. Countries have only limited resources to spend on ELT. In order to use these resources wisely, they must identify their requirements for English-language-qualified personnel. At the extremes, there are two basic approaches that a country can take toward expending its ELT resources: give a little ELT to a lot of people or give a lot of ELT to a few people. Most countries do not have the resources to give a lot of ELT to a lot of people. In general, to meet demands for English-language-qualified personnel, countries require relatively few personnel with fairly high levels of proficiency. It does a country little good to expend scarce resources to produce many personnel with low levels of proficiency because their linguistic effectiveness is not cumulative. That is, in the mathematics of linguistic proficiency, five people with Oral Proficiency Interview (OPI) scores of 1 don't equal, in terms of effectiveness, one individual with an OPI score of 2.

It is axiomatic in the ELT world that, unless, personnel are subsequently to be trained to a high (i. e., functional) level of English proficiency, it is a waste of resources to train them to a low (i.e., nonfunctional) level of proficiency. An individual, for whom quintessential linguistic prowess

consists of pointing to a menu and uttering a heavily accented, “Bring me soup” is not going to be a great linguistic asset to his country.

A perusal of DLIELC survey reports reveals that many countries, with the best of intentions, launch their ELTPs programs by attempting to train the entire population of potential candidates. This initiative is usually manifested in a host of nonintensive ELTPs in which many students learn little English. When the country requires a few personnel with a high level of English proficiency, it finds it has many personnel with very low English proficiency. Given limited resources, it would generally be preferable for a country to establish a strong, intensive ELTP to train relatively few students to a high level of proficiency. The goal of training everyone to a functional level of English language proficiency, while commendable, is most often not practically attainable because of a lack of ELT resources. This is not an argument against nonintensive ELTPs which, if managed well, can be very beneficial. It is rather an argument that, given limited resources, priorities must be established.

- **Lack of Viable Standards**

One of the most common causes of an ineffective ELTP is the lack of viable standards. Viable standards should be clear, measurable, attainable, promulgated and approved. Standards of ineffective ELTPs generally lack one or all of these characteristics as defined below:

- **Clarity**

The standards should be stated in terms of what a student should be able to do after a given period of time. Perhaps, the simplest way of setting out clear standards is to state them in terms of standardized test scores. For example, “After 360 hours of instruction, the student will be able to achieve a score of 40 on the American Language Course Placement Test (ALCPT).” In poorly managed ELTPs, not only are standards unclear, but they are most often lacking altogether.

- **Measurability**

There is little point in formulating clear standards if they are not measurable. One of the keys to measuring the attainment of standards is the use of standardized tests. Poorly managed ELTPs frequently use instructor-made tests to measure student achievement. Instructor-made tests, which can play a valuable role in the training process, shouldn’t be used to measure attainment of ELTP standards. As we all know, tests prepared by different instructors on the same subject matter vary greatly in focus and degree of difficulty. A score of 80 on one instructor’s test might indicate a greater degree of achievement than a score of 90 on another instructor’s test.

- **Attainability**

Standards that are crystal clear and eminently measurable are of little value if they are not attainable. Demanding that students achieve high levels of English language proficiency in very short periods of time is a common characteristic of unsuccessful ELTPs. Unrealistic expectations create an air of cynicism and sap the motivation of instructors and students alike. It is also ultimately impossible to enforce unattainable standards.

- **Promulgation**

Standards that are clear, measurable, and attainable serve no purpose if managers, instructors, students are not aware of them. In unsuccessful ELTPs, no matter what the quality of the standards, they are frequently not promulgated. The ELTP directors may even produce documentation that sets forth standards, but subordinates are often unaware that the standards

exist. Documentation of standards is sometimes a paper exercise that takes place between ELTP directors and higher headquarters, but has little basis in reality. There can be no enforcement of standards unless trainers and students know what the standards are.

- **Approval**

In order to implement standards that are clear, measurable, attainable, and promulgated, they must be approved by the command structure. Approval is the key to accountability. ELTP directors can generally not hold students accountable for achieving standards unless higher headquarters has approved the standards.

- **Lack of Attrition**

One of the most common characteristics of poorly managed ELTPs is the lack of attrition. This lack is attributable to either a lack of standards or a lack of enforcement of standards. In either case, retaining in training students who are devoid of the motivation and/or ability to learn English in a reasonable period of time is an extravagant expenditure of resources. Non-achieving students occupy seats that could be occupied by more capable students. Moreover, non-achieving students tend to pollute the learning environment. The nonachievers frequently try to drag achievers down to their level. The old adage, "Misery loves company," is frequently verified in learning environments. To be effective, an ELTP manager must view attrition as a benign phenomenon that purges the system of inefficiencies, creating an aura of seriousness of purpose.

- **Lack of Standardized Curriculum and Testing**

Unsuccessful ELTPs generally lack standardization of curriculum and testing. In many poorly managed ELTPs, instructor-generated instructional and testing materials are used. These materials are generally inferior to those written by professional curriculum writers. They also lack standardization. In general, a high degree of standardization is desirable because it enables managers to predict outcomes. An ELTP manager has to be able to predict how long it will take a typical student to achieve a given standard. Lack of predictability creates chaos in a training environment and lack of curriculum standardization creates lack of predictability. Lack of standardization of curriculum and testing also prevents managers from making evaluative comparisons among several ELTPs. In fact, it is precisely because standardization of curriculum and testing enable comparisons among ELTPs, that managers and instructors alike often fiercely resist this necessary reform.

Poor Utilization of Language Labs

Language laboratories are often viewed as electronic marvels that are the foundation of an ELTP. Frequently language labs are equated with language programs. In reality, language laboratories are a nice supplement to a functioning ELTP. They are not the main course; they are the dessert and should be served only after the main course. There are many excellent ELTPs that do not have language labs, and, conversely there are many poor ELTPs replete with language labs.

Often language labs are underutilized, poorly utilized, or not utilized at all. A few of the anomalies our survey teams have observed over the years:

- Regarding the purchase of language labs as an ipso facto solution to ELT problems.
- Trying to use language labs as substitutes for instructors.
- Using language labs as classrooms, thereby impeding vital interaction among students.
- Limiting the use of language labs because students tend to break them.
- Installing language labs as "eye-wash" in headquarters, where they are utilized only to impress visiting dignitaries.

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- Acquiring language labs without the software necessary to operate them.
 - Acquiring language labs without having the infrastructure to support them (e.g., a reliable source of electricity, qualified maintenance technicians, properly ventilated installation sites etc.)

There are a number of preconditions that should be met before a language lab is acquired for an ELTP:

- Classrooms dedicated to the ELTP.
- Classrooms with adequate, lighting, heating, and ventilation.
- High level support for the ELTP.
- A full-time, paid (i.e., not volunteer) professional faculty member.
- An ELTP program manager who is accountable to higher authority for ELT results.
- A systematic enrollment of students into the ELTP and compulsory class attendance.
- An effective, efficient program for measuring student achievement and proficiency.
- Consequences for student failure (e.g., elimination from training, recycling).
- A well-defined ELT syllabus, designating the use of specific instructional materials.

If the minimal conditions above are not in place, it is probably premature to order a language lab. The money spent on purchasing a lab would be better spent on training instructors and managers, buying instructional materials, establishing a testing program etc. DLIELC's experience around the world has shown that the effective way to view language labs is as a reward for establishing a successful ELTP, rather than as an incentive to establish one.

The ELTP failings cited above are typical of those that DLIELC professionals find when they conduct surveys around the world. As those involved in the security assistance training business know so well, lack of English language proficiency can be a "show stopper." The most cost-effective way of developing English language proficiency is to establish and maintain a successful in-country ELTP.

If readers have any questions about this article, they can contact the writer at telephone number (210) 671-2531 or e-mail thomas.molloy@lackland.af.mil. If readers would like to explore the possibility of having a DLIELC team conduct a survey, they should contact Mr. Ken McFarling at telephone number (210) 671-3790 or email Kenneth.mcfarling@lackland.af.mil.

About the Author

Thomas W. Molloy is currently the chief on Institutional Relations at the Defense Language Institute English Language Center (DLIELC) in San Antonio, Texas. He joined the DLIELC faculty some thirty-six years ago after serving for two years in the Peace Corps. He has spent eighteen years of his DLIELC service on permanent change of station tours overseas, serving in Germany, Morocco, Iran, Somalia, Turkey, and Yemen. He has also done consulting work in twenty other countries. His last two jobs before assuming his present position were Chief of the Evaluation Division and Chief of the Programs Division.

Ten Years Later: An Organization Entitled Defense Institute of International Legal Studies Evolves

By

**Walter Munroe
Defense Institute of International Legal Studies**

The Defense Institute of International Legal Studies (DIILS) in Newport, Rhode Island is a joint agency activity reporting directly to the Director of the Defense Security Cooperation Agency. Originally a part of the Naval Justice School, DIILS has become a major part of the Expanded International Military Education and Training Program. DIILS focuses on legal topics relating to the rule of law through mobile education teams and resident courses. Secretary of Defense Donald Rumsfeld awarded the Joint Meritorious Unit Award to DIILS in August 2001. DIILS marked its tenth anniversary on June 28th.

If numbers alone could tell the story of the Defense Institute of International Legal Studies (DIILS), an impressive set of statistics could be compiled:

- 530 programs completed
- 83 countries have participated on five continents
- More than 16,000 total participants
- Several Vice Presidents, assorted ministers of state, numerous generals and admirals, and thousands of military members, and civilians in attendance
- A staff that has grown from one to seventeen
- 17,000 texts printed
- 1000+ adjunct faculty members
- Approximately twenty million air miles flown
- Thousands of hours waiting in airports and flying coach
- 20,000 + bags of airline peanuts devoured
- Two cases of malaria contracted

Yet, the weakness of numbers is that they do not convey the effort or effects of a program, and the extraordinary energy that has made DIILS a successful organization.

The concept of extending assistance for military training by one country to another country is nothing new. In America, the Revolutionary Army gratefully accepted the training offered by Baron von Steuben of Prussia and other individuals as well as the country of France. As the United States became a power in the 20th century, training was offered to other countries. President Truman stated in 1947:

I believe that it must be the policy of the United States to support free peoples who are resisting subjugation by armed minorities or outside pressures.

Training of this type has often been controversial, as it usually emphasized war-fighting skills with little regard for establishing the thinking that is so crucial to the proper application of force. Civilian oversight was often lacking, misuse of the training to abuse human rights occurred too often, and friendly recipient nations turned unfriendly. Throughout the Cold War, the need to influence other nations created a policy conundrum between the necessity of maintaining friends

and alliances and the wise and moral use of U.S. resources. The fall of the Soviet Union ended this dilemma.

DIILS was created in response to legislative initiatives to amend the *Foreign Assistance Act* by expanding international training opportunities offered as part of the International Military Education and Training (IMET) program. The United States sought a way to foster democratic institutions in the countries emerging from the Soviet Union as well as those countries formerly under the dominance of the Soviet Union. Four areas were identified as crucial to the democratic transition of the military in these countries: civilian control of the military, military justice, human rights, and defense resource management. Training would not only be conducted in the United States as it traditionally had been done, but also through teams that would travel to the countries that requested such training. Civilian officials were now also eligible to take part in this training. The inclusion of civilians in this training was an acknowledgement that those who shape the role of the military must also be reached. The passage of this legislation, referred to as Expanded International Military Education and Training (E-IMET), occurred in 1990.

The subject matter emphasized by E-IMET was different from traditional military training in that the philosophy, legal underpinnings, and doctrine that makes a military effective would be emphasized. International standards of human rights, adherence to the rule of law, and emphasis on appropriate conduct during military operations were given importance equal to training in combat skills by the addition of E-IMET.

Legislating new ideas proved to be easier than implementing the concept. Throughout 1991 and 1992, officials in Washington, D.C. worked with each of the services to find programs that could take the concept of E-IMET from drawing board to implementation. In 1991, the Judge Advocate General of the Navy and the Naval Justice School agreed to take on the task of developing a program to address the key areas of military justice and human rights. Out of this agreement, an International Training Department consisting of one recalled Reservist was established to get the program off the ground. Initial concepts of how this new program would be executed were developed. Several ideas, including one to provide human rights training to U.S. personnel were tried and eventually discarded. By the time that the International Training Department had evolved into the International Training Detachment (ITD) in 1992, a plan for multi-phased programs and other forms of assistance designed exclusively for an international audience was selected as the most effective format for ITD to follow.

During 1992 and 1993, the new program met successes in the programs that it offered, while battling a lack of dedicated resources. Initial programs in Guatemala, Sri Lanka, and Papua New Guinea were met with enthusiasm by the host country and ITD team members recruited for the Mobile Education Teams. These first seminars focused on basic military justice and human rights issues. Diverse military and civilian audiences in each of these countries responded positively to the combination of lectures and discussion problems. ITD had accomplished a major goal in proving that this format could create an environment that resulted in frank and open discussion among seminar participants. Materials for the presentations were initially taken directly from those in use at the Naval Justice School, but it soon became obvious that these were not appropriate in differing systems and cultures. Teams on many of these early trips found themselves spending evening hours writing material to be used the next day.

Support staff was borrowed on an ad hoc basis to accomplish the many tasks needed to send a team half way around the world. Each trip presented new challenges. Before a team could depart there were passports and visas to obtain, and flight arrangements on little known airlines to places that are known only to the geographically astute, to be completed. Once in the country, language, transportation, and currency had to be mastered rapidly. If travelers' illnesses did not strike, there were still questions of materials and the actual seminar presentation. Did the books

arrive? Were there enough for the increased number of participants? Was there a reliable supply of electricity? Did simultaneous translation equipment function properly? Did the projection system work on the intermittent and random voltage system? What was the quality of translators? If any of the answers to these questions was no, the DIILS team had to improvise quickly. When a seminar is only five days long, any miscue can adversely affect the overall outcome.



Colombians participate in discussing issues at a DIILS seminar held in Colombia.

Lebanese present their solutions to a seminar group in Lebanon.



Mongolian students consider discussion points brought up in DIILS presentation.



Presentation of graduation certificated to Nigerian graduates in Nigeria.

Senator Jack Reed greets the Minister of Defense of Eritrea during a recent DIILS CONUS visit.



Ukrainian students participate in an exchange of views.

Flash forward to the present and DIILS is by comparison better prepared and staffed to perform a mission that has grown in scope and range. ITD has become DIILS, and is no longer a Navy organization, but is, since June 2000, a joint agency activity under the Defense Security Cooperation Agency. A staff of civilians and enlisted personnel now prepares material, equipment, and travel documents for mobile education teams that carry out on average 54 METs each year in thirty-six different countries. Teams can now focus on the important matters of delivering content and creating working relationships with their counterparts attending the seminars. More than 350 international students have attended nineteen separate DIILS resident



DIILS team in Russia.

courses. The Coast Guard operates its Model Maritime Code program from DIILS. Topic emphasis has changed from general military legal matters to those topics that focus on real time problems facing the 120 nations that are part of the IMET program.

What happened in these ten years to create a vibrant, effective organization? Simply put, it was the result of an extraordinary amount of dedicated hard work by those military and civilian personnel who have served at DIILS. Sacrificing holidays and time with their families, DIILS military and civilian staffs have time after time done remarkable things on short notice in the most difficult of circumstances. Secretary of Defense Donald

The Herculean efforts of the staff of the Defense Institute of International Legal Studies greatly enhanced the national interests of the United States by fostering adherence to democratic principles and the rule of law throughout the world.

Rumsfeld in awarding DIILS the Joint Meritorious Unit Award in August, 2001 wrote:

In ten years, there has developed a treasure of anecdotes and experiences, but if David Letterman were to feature DIILS as a guest on "The Late Night Show," he might come up with a top ten list for DIILS that would go something like this:

Letterman (holding cardboard signs on his desk as camera zooms): "What are the ten experiences that distinguish DIILS from other programs?"

#10 Gone but not forgotten. In 1993 one of the first DIILS seminars was presented at the Human Rights Academy in Colombo, Sri Lanka. After a six-year hiatus caused by civil war, a DIILS team returned to Sri Lanka. In a meeting at The Centre for the Study of Human Rights at the University of Colombo, the DIILS team met a member of the law faculty who as a military attorney in 1993 was a participant in a DIILS Seminar. He came to the meeting with the DIILS course book that he had been given six years earlier. The instructor informed the DIILS team members that the curriculum he uses for this program consists of the DIILS modules and discussion problems he received in 1993. The entire Human Rights program at the Human Rights Centre was based on the original DIILS materials.

9 Put on a course for whom? On October 31, 1998, Congress passed Public Law 105-338, the *Iraqi Liberation Act* (ILA). At the time, the staff of DIILS paid scant attention to this new law, as it seemed that it would be many years before DIILS would be conducting seminars in Iraq. In late September 2000, the Director of DIILS received a call. Could DIILS deliver a seminar on War Crimes Prosecution for members of the Iraqi National Congress (INC) by the end of November under the terms of the ILA? Answering in the affirmative, the challenge became how do we do this? DIILS had no classrooms, and had at that time never conducted a resident seminar. In addition there were significant security and logistics issues. Members of the INC were scattered around the globe and were all civilians. A seminar on this topic would be intense

and had to produce a plan for the eventual investigation of war crimes in Iraq. When November and the INC members arrived, not only had DIILS prepared academics, logistics, and security, but it had also assembled a top-notch group of instructors with considerable experience in war crimes investigation. Reservists were brought in to assist with instruction and logistics. Thanks to a tremendous effort that involved the Naval Station Newport Commander, Public Affairs Officer, and Security Office, and the considerable assistance of neighboring Naval Justice School, DIILS conducted its first resident course without a hitch. The members of the INC responded by developing plans for the eventual investigation of war crimes in a manner that will conform to international standards.

#8 Only technically at war! Currently, Azerbaijan has a cease-fire agreement with Armenia over the Nagorno-Karabakh conflict. In 1991, the ethnic Armenians in this region started a war for independence from Azerbaijan. The conflict eventually displaced approximately 850,000 civilians. A cease-fire agreement was implemented in 1994 but there are continuing cease-fire violations. The United States is part of an international mediation group that is trying to find a political solution to the Nagorno-Karabakh conflict. DIILS was asked to begin programs in both countries in late 2000. A first seminar for each was held in October 2001. Seminars in both countries focused on military justice and the role of the military defense counsel. Armenia and Azerbaijan, like many countries, do not have a separate military court system. Military prosecutors do not work for the Ministry of Defense, but instead for the Attorney General's office. Civilian defense attorneys represent service members who are criminally prosecuted. In each country the material and teams were well received. Due to the success of the individual programs, the Office of the Secretary of Defense requested that DIILS try something never done before. Why not host a regional seminar for both Armenia and Azerbaijan to address topics of mutual concern and perhaps advance the peace process? The only problem was that neither country could host the seminar due to the technical state of war. The solution? A seminar will be held in Newport this summer that will not only involve the countries of Armenia and Azerbaijan, but also neighboring Georgia. The topics to be discussed are ones that need a regional approach, responding to the challenges of international criminal acts. This may not be a final resolution to the disputes of the region, but hopefully the resulting dialogue will cause some joint responses to challenges that confront all of these nations.

#7 Wanted: a few good women. The U.S. military addressed the problems of men and women serving in the military together years ago. Procedures and methods for ensuring fairness continue to be refined and improved. But for many countries, integrating women into the military is a new challenge. In September 1999, a DIILS team met with members of the Malawi Ministry of Defense and Malawi Army to assist them in launching their first campaign to recruit women into the military with specific concerns of equal opportunity, sexual harassment, and how to accomplish the logistical needs of maintaining and retaining men and women recruits. The campaign was successful and resulted in the first women privates joining the Malawi Army. During a DIILS MET in July 2001, six of these outstanding young women who were participating in the program, led frank discussions concerning the issues and concerns of how women could better be integrated into the Malawi Armed Forces. Questions about maternity leave, assignments for women, female and male watch-standing, and whether women should have curfews were all discussed openly as the participants eagerly sought U.S. advice on how to accomplish the changes that are necessary to fully integrate women into the mainstream of the Malawi Army. They were the first Malawian female soldiers to participate in any IMET program in their country. Their presence was a great source of pride for the military and the civilian elected leadership, as they provided some of their own perspectives on what life is like for a female soldier in Malawi. The catalyst of the DIILS seminar had enabled important social change to begin.

6 Don't sit next to the ducks. Cambodians represent one of the largest groups of individuals trained in DIILS seminars. Just under 1000 Cambodians have taken part in DIILS training. Unfortunately, no new training has occurred since 1997 due to internal disputes between rival factions. Prior to this time, DIILS teams traveled throughout Cambodia attempting to reach as many military personnel as possible. One of the last DIILS teams in Cambodia was scheduled to travel to remote Koh Kong. They were placed on an over loaded, bullet riddled vintage Soviet helicopter along with 16 Khmer soldiers, a Buddhist nun who served as translator, their equipment, and cages filled with ducks and a pig. A thunderstorm raged around the overloaded helicopter causing it to land. The DIILS team plus translator and equipment were evicted from the helicopter, left in a field, and told that the helicopter would return. The parting words from the crew were that the DIILS groups should not wander, as there were mines all around them. As they sat in the open field in the intense heat and humidity awaiting the return of the helicopter,

they must have been an odd sight to anyone who traveled by a U.S. Army Brigadier General, the Director of DIILS, two Marines, and a Buddhist nun with an umbrella huddled in the middle of a minefield.

#5 Overcoming an image. In 1998, a group of 6 Colombians and 4 Americans met for the first time in the Embassy Suites Hotel in Washington, DC. Most passers-by would have taken this group to be part of a typical business meeting. However, the business at hand was how to start a program with DIILS that would promote human rights in the country of Colombia. The Colombians represented several agencies, the Ministry of Defense, Navy, Army, the Attorney General, and most importantly, the Vice President of Colombia. The DIILS team had to accomplish several objectives during the week. There were visits to key U.S. agencies, including the Office of National Drug Policy, the State Department, and staffers from a key House Committee on Foreign Operations. Points of interest in Washington would be visited during free time. Most important though was the mission of developing a curriculum for the next seminar to emphasize human rights and a plan for future programs that would carry the message to different groups in Colombia. The discussion among the Colombian group was brisk as each member of the group advanced their personal perspective and submitted ideas to the group. After several days of vigorous, but amicable discussion, the group had a plan. Seminars for key officials would lead the way to be followed by programs on human rights focused on individual military services. The initial seminar in 1999 met all expectations. The Vice President of Colombia, Augusto Bell, who also serves as the Minister of Defense, attended and reemphasized to the 83 Colombian dignitaries the importance of improving the human rights performance of all segments of the Colombian government. In 2000, a similar seminar was held as a follow on. Again the Vice President made a personal appearance to underscore the importance of the topics to the audience consisting of Senators, flag officers, judges, and senior officials from government ministries. As planned, the most recent seminar on Human Rights was focused on a military service - the Colombian Navy. The CNO of the Colombian Navy attended, as did a number of Admirals. In all, 137 Naval officers took part in the seminar to find ways to ensure that human rights were a part of their normal operations. Colombia has devoted considerable effort into developing positive human rights policies. DIILS has been part of this process.

4 Packing a full deck. An assessment trip to Lebanon qualifies as the longest, unplanned for stay in a country. The DIILS team thought they would be doing a weeklong assessment program involving meetings with key individuals and organizations to inaugurate the program with Lebanon. Usually, an assessment trip is marked by a lot of waiting punctuated with appointments with a variety of officials. But in the spring of 1996 Beirut was still recovering from civil strife and was the home of a variety of warring groups. Armed bodyguards accompanied the team everywhere that they went. On Thursday, April 11th, Israel launched an attack into Lebanon. The DIILS team took refuge in the U.S. Embassy, where they stayed for the next 20 days. Finally, the team was able to safely leave and return home. How had they wiled away all of the time that they spent unable to leave the grounds of the Embassy? Playing cards with the Ambassador and his staff who were reputed to have been quite expert at poker and other games of chance. DIILS has since returned to a peaceful Lebanon four times to conduct very successful seminars. However, they always pack extra playing cards, just in case.

3 Practical matters. Latvia was one of the countries with which DIILS first started a program. Dating back to 1993, a number of seminars have been held in Latvia. Early seminars addressed general topics such as military justice. After a seminar in February 1999 the U.S. Ambassador to Latvia, James Holmes, met with the DIILS team to discuss a problem that existed in Latvian society. There was constant criticism of the military by the Latvian media. Even in cases in which the military had acted properly, the media managed to cast the events in a negative light to the military. The military had no plan to work with the media or to explain their actions. Could DIILS develop a program to address this issue? The answer was to develop a series of seminars in which a DIILS team of attorneys and public affairs officers would address the legal framework and practical methods utilized to create a media plan. During the seminar, media representatives sat with military commanders on a panel to discuss differing views. The end result was that the media gained new respect for the military and the military developed a methodology for working with the media. At the closing ceremony Colonel Graube, the Chief of Defense, Latvian National Armed Forces, and a DIILS seminar participant, stated Latvia is a young country and we need to inform the public about why we need a strong military . . . it is the media that will help channel this information."

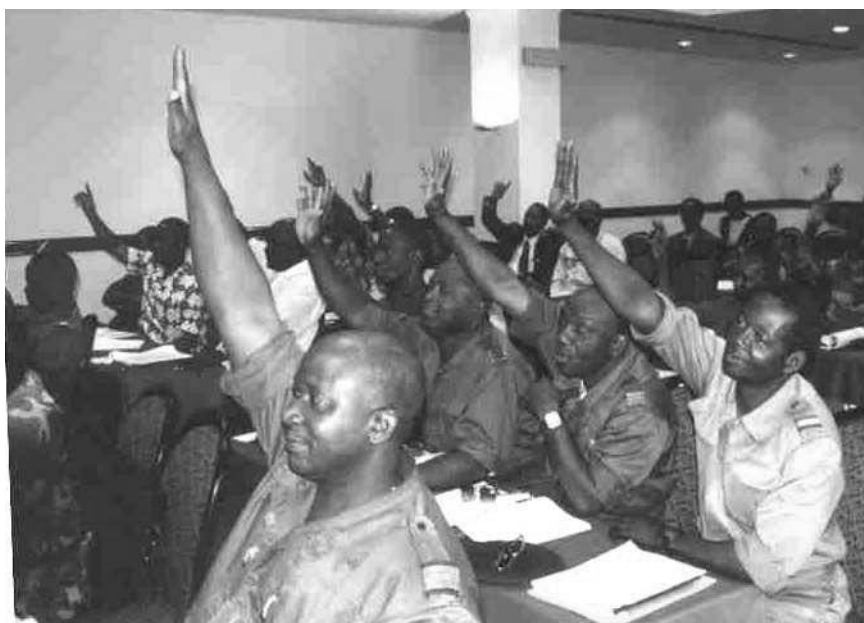
After these seminars, the DIILS team was once more challenged. The Ministry of Defense and a Parliamentary working committee were developing a new code for non-judicial punishment to replace outdated methods that were a vestige of the Soviet system. Could DIILS provide assistance? In a series of seminars from September 2001 through April 2002, DIILS teams worked with military commanders, judges, and the Parliamentary committee to provide guidance and assist in developing a system of non-judicial punishment that conforms to contemporary standards. The new code was made law in April 2002. The Minister of Defense made personal awards in appreciation of the work of DIILS at a reception held in honor of the team.

In commenting on this success, the Office of Defense Cooperation later stated that “. . . our strategy of building upon previous phases is working, and that we should maintain the momentum . . . Continued program development that addresses timely issues has been a crucial element in the success of DIILS.”

2 Mutineers and kangaroo courts. On a quiet pre-Christmas December day in 1998, a call came from the distant country of Lesotho to the offices of DIILS. A mutiny had occurred in September and fifty military personnel were to be tried. No courts-martial had been conducted in Lesotho in thirteen years and the procedures for trials recently adapted by the Lesotho parliament were controversial. At the request of the U.S. Ambassador, DIILS had been called to provide training that would ensure fair trials for the accused mutineers. Officials in Lesotho were acknowledging that they expected the trials to be kangaroo courts that would result in convictions and possible executions of all concerned. The DIILS team had ten days (which included Christmas and New Years holidays) to prepare and depart for Lesotho! After frantically assembling a team and materials and prior to going into Lesotho, the DIILS four-member team left for South Africa in order to meet the judges who would hear the trials. The following week, the actual seminar on courts-martial was presented to an audience of seventy-five that included the Commander of the Lesotho Defense Forces, seven of the eight judges of the Lesotho High Court, the Attorney General, Minister of Justice, and the Public Prosecutor. It is rare that the impact of a seminar can be seen so soon after completion. Within weeks of the seminar, charges against seventeen mutineers were dropped. The remainder of the mutineers received trials that all concerned considered to be fair, and in which the rights of the accused were protected. Ambassador Katherine Peterson stated: “Simply put, this training has established the United States as a champion of fair, impartial, transparent, and credible military and civil judicial systems, a key element in establishing the rule of law in a democracy.”

1 Recognition has come in many forms including official messages, email, and most recently in the form of the Joint Meritorious Unit Award. In ten years DIILS has managed to take a concept and create a viable organization that is making a difference. Every seminar does not result in headline making events. However, every seminar involves the personal interaction that is so vital to U.S. foreign policy goals.

Guineans are eager to respond to DIILS instructor's questions.



About the Author

Walter W. Munroe joined the staff of the Naval Justice School Detachment, International Training in October 1994, as Curriculum Developer. In 1997 he became the Academic Director for the International Training Detachment, now known as the Defense Institute of International Legal Studies. He obtained his B.A. in History and Education from the University of Rhode Island, and his M.A.T. in history from Rhode Island College, Providence, Rhode Island. In addition he has studied at Brown University, Salva Regina University, and Bridgewater State College.

Web-Based Security Assistance Automated Resource Management System

By

Greg A. Marme
United States Central Command

[This paper represents the views of the author and does not necessarily reflect the views or opinions of the Department of Defense, Component Services, Air University, or the College for Professional Development.]

“We are seeing a tremendous amount of interest in e-government initiatives . . . Local and state governments alike can now see the many advantages in using the Internet and web technologies to deliver what we call ‘e-applications’; web-based software that has the power to transform the way government does business. The Internet is the perfect medium to bring together the general public and government agencies to promote user convenience, efficiency, cost savings, and improved information flow.

Tim Knox,
President and CEO, Digital Graphiti, Inc.

In this same spirit, The Defense Security Cooperation Agency (DSCA) must convert the Security Assistance Automated Resource Management System (SAARMS) software from a stand-alone software system to a web-based database to provide for improved overall financial management of the SAARMS program. The specific improvements will include improved analysis of accounting information, improved transaction timeliness, and conversion to a web-based SAARMS eases the fielding of software updates.

The Security Assistance Automated Resource Management System is a memorandum accounting system developed by DSCA. Over 105 security assistance offices around the world use it at their geographically separated offices usually collocated at an American Embassy. Security Assistance Offices use SAARMS to perform day-to-day financial and procurement operations, purchasing, budgeting and reconciliation. These SAARMS-generated financial transactions are electronically transmitted into the official Air Force accounting systems via an Internet data network where they pass through an interface application, which validates the data for accuracy and passes the accounting data to an accounts payable module for obligation and processing. As a stand-alone system, SAARMS has worked well since 1995 but Internet technology is fast making SAARMS outdated.

As Internet technology makes advances, so must the SAARMS software. A web-based SAARMS platform would provide for improved analysis of accounting information and comprehension of its value, uses, and limitations - quicker than a stand-alone system. By providing instant access to the accounting data and all the tools available from the Internet, a web-based SAARMS program helps upgrade the knowledge, nature, and source of accounting information necessary to analyze accounting data for decision-makers. As a result, senior decision-makers will no longer have to wait for end of month financial data. Web-based SAARMS helps the accountant work more intelligently with the financial executive to maximize the usefulness of the accounting information received and to recognize whether the accounting function is providing all of the relevant accounting information necessary for sound decision-making.

Another advantage to the web-based SAARMS is that Unified Commands would be able to instantly load funding authorizations for their Security Assistance Offices. Currently, a funding document, in the form of an AF Form 616, *Fund Cite Authorization*, must be prepared and mailed (or faxed) to the organization that requires the funds and followed up with an official message. With a properly written program, a web-based SAARMS system would take advantage of a PKI or public key infrastructure as a tool for securing net-based communications and transactions. These PKI or “electronic” signatures on an electronic funding document would eliminate the hard copy documents just as it does with other government financial programs such as the Automated Business Service System.

Like other online professional accounting systems, users could work anytime, anywhere, with anyone. A web-based SAARMS would improve transaction timeliness, allowing timely accounting record maintenance and user conveniences. As with any online accounting system, senior financial managers and their staff have secure, real-time access to their accounting system and data from any internet connected computer-at their office, at home, at a customer’s office, or on the road at any time, day or night.

Users have greater flexibility in obtaining assistance on the Internet and the ability to work from any computer. When data is entered into the web-based SAARMS system, from whatever office or location, it can be instantly disseminated to all relevant accounts and ledgers, without the need for further human intervention. Thereafter, it can be securely viewed and manipulated from any Internet-connected computer, allowing users to know everything they need to know about the financial state of the security assistance office in real-time.

A web-based SAARMS system would allow linking to web pages that provide regulatory guidance, research, and checklists. Budget analysts at the Unified Command as well as the SAO fiscal officer could work on web-based SAARMS while assigned temporary duty, leave or evacuations - anytime when a SAO needs support.

Deeper levels of integration are possible through co-development ventures. As an example, web-based SAARMS could provide a link to the Defense Travel System (DTS) which is the new paperless travel system that allows the traveler to coordinate and arrange temporary duty (business) travel quicker and easier. All transactions will be made from the convenience of the desktop or even laptop computer. No standing in lines to process paperwork and no aggravation with preparing the six-page travel claim.¹ If the web-based SAARMS is linked to the DTS, SAARMS would not need a travel module of its own.

If DSCA decides to web-base SAARMS, users could immediately report obligations and back up data, as it is created, instead of at the end of each month. No longer would users have to “remember” to perform these complex but critical user-generated commands during the month. A web-based SAARMS system could be programmed to report and backup these transactions as they occur. As an example, DFAS currently requires Security Assistance Offices to send their backups via the Internet once a month. This occurred as a result of a bomb that exploded near the United States Embassy in Nairobi, Kenya. Among the 212 people killed were twelve Americans and thirty-one Foreign Service Nationals employed at the Embassy.² Among the dead was the fiscal officer within the backup data disk. The Embassy, which was located in the congested downtown area, was extensively damaged, as the blast ripped through each floor and gutted the building. The entire Embassy compound, as well as the surrounding buildings in the

¹ <http://www.dtic.mil/travelink/whatisdts>.

² <http://www.fbi.gov/majcases/eastafrica/kenbom>.

crowded downtown location, suffered severe damage.³ The survivors found that the SAARMS backup data was stored on a disk located in a box next to the SAARMS computer. However the office was completely destroyed, as was the disk. As the events of the bombing unfolded, the entire Kenya Embassy Budget and Fiscal Office (where the original vouchers were stored) was completely destroyed, making reconstruction of the data impossible. As a result, off-site data storage is loaded onto the internet but requires a backup file to be generated “in country” and then transmitted. If another tragedy hits, the data will be only as good as the last backup. In a web-based SAARMS environment, data would be transmitted on a transaction by transaction basis negating the requirement to back up the data.

Currently, users must wait up to a year for the software to be updated. A web-based SAARMS eases and speeds up the fielding of software updates. Web-based software generally can be installed quicker; with only a single change to the web page. Because of this fact, software “bugs” could be fixed instantly. Users would no longer need to wait six months to a year for the next regularly scheduled software update cycle.

Web-based applications require no licensing, thus reducing costs and expanding access beyond SAOs. Because web-based SAARMS online accounting system would be a web-shared service, users simply “plug in and go,” almost as easily as users would plug into a communications network or electric power grid.

There are no new computers or servers to purchase, no software to install or configure, and no dedicated IT networks to build. Plus, web-based SAARMS operates and maintains the entire accounting infrastructure, freeing users (and their management) to spend less time on routine technical minutiae and more on actually running their funding programs.

A web-based platform also saves the cost of CD ROM development and reproduction and the costly process of distributing the software. In the past, several releases of SAARMS necessitated a complex conversion of data and a trip to each SAO by a programmer to install it.

A web-based SAARMS would have fewer hardware and software problems. Past experience found power surges caused corrupted files and non-standard equipment caused hardware and software conflicts. Because the data would not reside on any local non-standard systems, but would reside on a web page, these hardware and software conflicts would become less important with a web-based SAARMS program.

Speed and security are issues with all of the online accounting services but as technology improves these issues will pale in comparison to the convenience, level of service, and low cost. Still, DSCA would need to have a solid set of contingency plans in cases where a local Internet Service Provider became unavailable or illegal for some reason.

“Web-based SAARMS is a very compelling offering,” explained Mr. Charles Kulhem of the Defense Finance and Accounting Service. “With the ability to download directly from the Internet, web-based SAARMS will not only save time by eliminating the manual data input process, but we will also save money for our clients. It’s a win-win situation”.⁴

Because converting to a web-based SAARMS is a win-win situation, the Defense Security Cooperation Agency must rapidly convert the Security Assistance Automated Resource

³ Knox, Tim, “Digital Graphiti, Inc. Selected To Develop Web-Based E-Government System For The City of Huntsville, Alabama” February 25, 2002. <http://www.digitalgraphiti.com>.

⁴ Kullhem, Charles A. Telephone interview with author. Montgomery Ala, April 8, 2002.

Management System (SAARMS) software from a stand-alone software system to a web-based database to provide for improved overall financial management of the SAARMS program. The specific improvement will include management analysis, improved transaction timeliness, and eases the fielding of software updates.

It is clear these SAARMS-generated financial transactions are already electronically transmitted into the official Air Force accounting systems via an Internet data network. It is also clear these transactions are reported as well as backed up on the web. It would not be a stretch of the imagination to take SAARMS from a stand-alone system to a more advanced web-based SAARMS system.

Defense Institute of Security Assistance Management Mobile Education Team Travels to Sofia, Bulgaria

By

Virginia K. Caudill
Defense Institute of Security Assistance Management

Bulgaria has emerged as a regional leader in promoting political and economic stability and strengthening democratic institutions. In recent years, the Government of Bulgaria has made great strides in reducing inflation, promoting foreign private investment, and undertaking economic privatization and legal reforms. Bulgaria's success in strengthening democracy, the rule of law and their economic foundations will help the country to more fully integrate with the greater Euro-Atlantic community.

Bulgaria has made notable progress on broad economic and political reforms in recent years

These statements from the State Department 2002 *Congressional Budget Justification for Foreign Operations* give a strong indication why DISAM was invited back once again to teach the Security Assistance Management Planning and Resource Management (SAM-P) Course in July, 2002. The course had been presented twice before in Sofia, in 1997 and also in 1999.

The DISAM team arrived in Sofia on 11 July to begin their preparations for the course. The members of the instructional team were Ms Virginia Caudill, DISAM Director of Management Studies, and Dr. Larry Mortsof, Professor Emeritus. They were accompanied by Ms. Helen Brinkley, DISAM assistant librarian, for administrative assistance. Dr. Mortsof, the former DISAM Deputy Commandant, who came out of retirement to teach in this course, had taught in Sofia during the 1999 DISAM MET.

Twenty-eight students from the Bulgarian Ministry of Defense (MOD) and Armed Forces successfully completed the course from 15 through 19 July. Colonel Dimitar Dimitrov, the Deputy Director of the Armaments Policy Directorate, outlined the importance of the course in his opening remarks. He explained that the MOD is currently undergoing a Force Modernization study that includes recommendations for a process of equipment modernization and a review of the defense industrial base, along with recommendations on the design, implementation and sustainment of a force management system to include acquisition and force integration subsystems. He further stressed the importance of adjusting to new management models and the



Photo of Bulgaria class and DISAM instructors

value of education and training to learn alternative ways of supporting the programs of the Bulgarian military.

Members of the Office of Defense Cooperation (ODC) provided outstanding assistance to the DISAM MET in both administrative and academic support. The Deputy ODC Chief, Sergeant First Class Mattie Poteat, augmented the instruction by presenting an overview of the ODC responsibilities and activities. The ODC role as a liaison activity was emphasized throughout the course of instruction. In addition, Ms. Emilia Jelyazkova, the ODC training and administrative assistant, made a presentation on training management issues. Along with other valuable insights, she advised the class on what is involved at the ODC in administratively processing students for attendance at courses in the United States under the International Military Education and Training (IMET) Program. The success of the DISAM course was a result of close coordination between the Bulgarian Ministry of Defense, the ODC in Sofia and DISAM.

About the Author

Virginia K. Caudill is the Director of Management Studies at the Defense Institute of Security Assistance Management, where she has been an associate professor for thirteen years. She came to DISAM with over fifteen years of security assistance experience in program management, acquisition, logistics and financial management with the United States Air Force. She has a Master of Arts Degree in public administration and international programs from the University of Dayton, in Dayton, Ohio and a Bachelor of Arts in Spanish Language and Linguistics from the University of the Americas in Mexico. She is also a former Peace Corps volunteer.

Defense Institute of Security Assistance Management Mobile Education Team Travels to Bosnia and Herzegovina

By

**Virginia K. Caudill
Defense Institute of Security Assistance Management**

Since 1995 and the proximity peace discussions at Wright-Patterson Air Force Base in Dayton, Ohio, the personnel at the Defense Institute of Security Assistance Management (DISAM) have closely followed the application of the objectives of the resulting Dayton Accords. Since DISAM is located on the U.S. Air Force Base that hosted this historic diplomatic event, the Institute's attentive interest is quite understandable. In July 2002, a team of instructors from DISAM traveled to Sarajevo, Bosnia and Herzegovina, and had the opportunity to view the implementation of the Accords first hand and become part of the evolving process.

Dr. Ronald Reynolds, DISAM Commandant; Ms. Virginia Caudill, Director of Management Studies; and Dr. Larry Mortsoff, Professor Emeritus (retired) comprised the Mobile Education Team (MET). The team conducted a Security Assistance Management Planning and Resource Management (SAM-P) Course in Sarajevo from July 22 through July 26, 2002, under the auspices of the International Military Education and Training (IMET) Program.

The honorable Clifford G. Bond, the U.S. Ambassador to Bosnia and Herzegovina, welcomed the students and provided formal remarks for the introduction of the course. He began his statement with the following:

In this room are the future military leaders of Bosnia and Herzegovina. It will be your responsibility to work together to prepare your country for entry into the Euro-Atlantic military institutions.

This seminar represents a significant milestone in US relations with Bosnia and Herzegovina because it is the first time that the U.S. Government organized an event together with a State-level institution, The Standing Committee on Military Matters (SCMM). We want to use the SCMM as our channel for cooperation with both military entities in Bosnia and Herzegovina.



The Honorable Clifford G. Bond, U.S. Ambassador to Bosnia presents opening remarks for the Bosnia and Herzegovina course.



From left to right U.S. Army Major Steve Ayres, assigned as the ODC Bosnia Chief, the honorable Clifford G. Bond, U.S. Ambassador to Bosnia, and Dr. Ronald H. Reynolds, Commandant of DISAM.

Another important priority for Bosnia and Herzegovina is creating a strong state-level dimension for defense to accomplish the important goals of fostering inter-ethnic stability through mutual understanding and cooperation and improving the tactical and technical proficiency need to participate in the Partnership for Peace initiative.



Bosnia graduating class and DISAM instructors.

Strengthening the SCMM also raises the issue of what sort of institution is envisioned either a General Staff type of institution or a Ministry of Defense. The latter is preferable because it underscores the concept of civilian control of the military.

Ambassador Bond continued his remarks by reminding the class participants that the United States is prepared to continue to provide assistance to Bosnia and Herzegovina through a variety of security cooperation programs, including IMET and Foreign Military Financing (FMF). He concluded his comments with the statement that the DISAM seminar is a step in the right direction to educate the participants for continued cooperation.

Dr. Reynolds described the curriculum of the Planning and Resource Management course and, explained how the course was designed to facilitate the vision laid out in Ambassador Bond's remarks. In this regard, the SAM-P course's primary objective is to address the planning and resource processes of requirements generation, budgeting, acquisition and sustainment within a United States-host country security cooperation relationship. Together with the aforementioned resource management functional areas, a key curriculum topic is the role of the Security Assistance Organization in managing the security cooperation programs. Major Steve Ayres, U.S. Army, Chief of the Office of Defense Cooperation in Bosnia and Herzegovina, assisted in the presentation by providing direct information regarding the ODC activities.

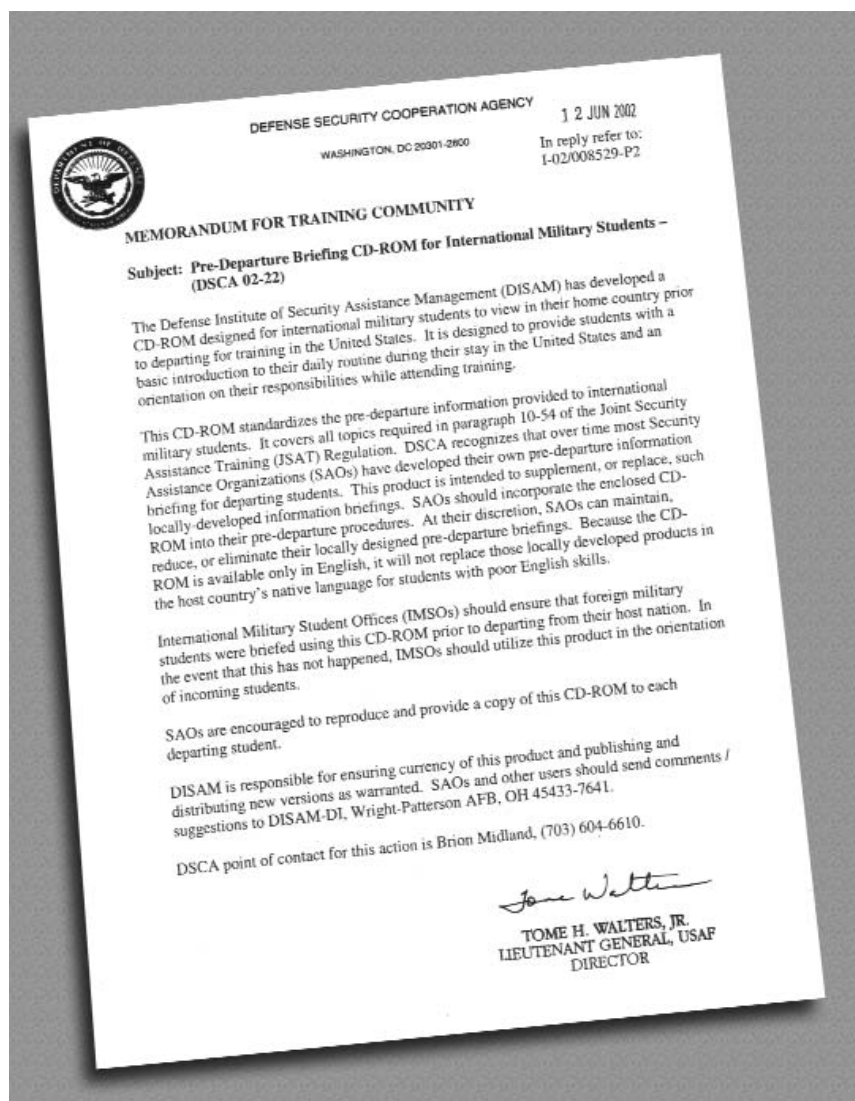
The successful outcome of the course depended highly on the advance administrative preparation of Ms Amra Ljubovic of the ODC, and her diligent support throughout the SAM-P educational process. Twenty-eight students completed the full course of study and were awarded diplomas on the final day of class.

International Military Student Pre-Departure Briefing

By

Richard C. Rempes
Defense Institute of Security Assistance Management

One of the routine, but more important duties of security assistance offices (SAOs) is to present a “pre-departure briefing” to all international military students (IMS) selected to attend schools in the United States. In some of the larger and busier SAOs, training officers often provide this briefing, or an equivalent packet of written information, to students many times a week. In order to reduce this load on SAO manpower and standardize the information being presented to all IMS, DISAM set out last year to produce a CD-ROM that would fulfill this requirement for all countries sending students to the U.S. under the security assistance program. That project is now complete and, as this issue of *The DISAM Journal* goes to press, copies of the CD-ROM are being distributed to SAOs and other members of the training community.



Background

The requirement for the pre-departure briefing comes from the *Joint Security Assistance Training Regulation* (JSAT), which states in paragraph 10-5,

SAOs will ensure that IMSs are thoroughly briefed before departing from their home country. When it is impossible to brief the IMS orally, the SAO will develop a written pre-departure briefing package for delivery to the IMS. Also, the IMS will be thoroughly briefed by the IMSO upon arrival at each training installation. The importance of these briefings cannot be overemphasized. Much embarrassment can be prevented if they are intelligently and diligently carried out for every IMS.



The minimum content of the briefing is spelled out in paragraph 10-54 of the JSAT, which itemizes no fewer than twenty-eight topics and numerous sub-topics. Over the years, this implementation has taken a variety of forms. Most SAOs have developed their own local version of an oral briefing and/or written package of information for the student. Recently, a few SAOs, notably Malaysia and Singapore, have produced their own briefings on CD-ROM. The scope and content of these briefings are largely at the discretion of the SAO, ranging from minimal coverage of the topics listed in paragraph 10-54, to elaborate presentations with extensive local country-specific supplementation. Unfortunately, there are still occasions when students depart for CONUS without any pre-departure briefing. This generally happens when selected students are stationed and depart to the U.S. from locations far from their servicing SAOs.

ODC Singapore's Pre-Departure Briefing CD

To remedy this problem, and to ensure that every IMS receives the same baseline pre-departure information, a standardized and easily distributable briefing needed to be developed.



A Generic Briefing

With the proliferation of multi-media capable personal computers (PCs), and taking from the lead of security assistance training coordinators such as Sean O'Hara from ODC Singapore and Jaya Arasan from SAO Kuala Lumpur (Malaysia), DSCA decided that a generic briefing could be produced on CD-ROM and made available to all SAOs and IMSOs dealing with international military students. In June 2002, Lieutenant General Tome Walters signed a memorandum for the training community (on the next) which directs SAOs to incorporate this CD-ROM into their standard pre-departure procedures. Every student bound for the U.S. comes from a unique personal background and

brings a different impression of the United States to his training experience. As such, the briefing is devoid of any country-specific information, adheres strictly to the topics required in paragraph 10-54 of the JSAT, and is presented in sub-titled English.



Topics Are Organized Chronologically

The student starts with information useful to know long before departure, such as English language requirements, American cultural information, U.S. currency, medical coverage, driving, etc. Next, topics important closer to departure time are covered, such as baggage and airline tickets. The following section discusses issues relevant while in the U.S., such as student-instructor relationships and the DoD Informational Program (IP). The last section covers actions required upon return home, such as filing vouchers and student de-briefing. The CD also includes block-by-block descriptions of both the IMET and FMS version of the computer generated Invitational Travel Order (ITO), as well as the paper-based DD Form 2285.

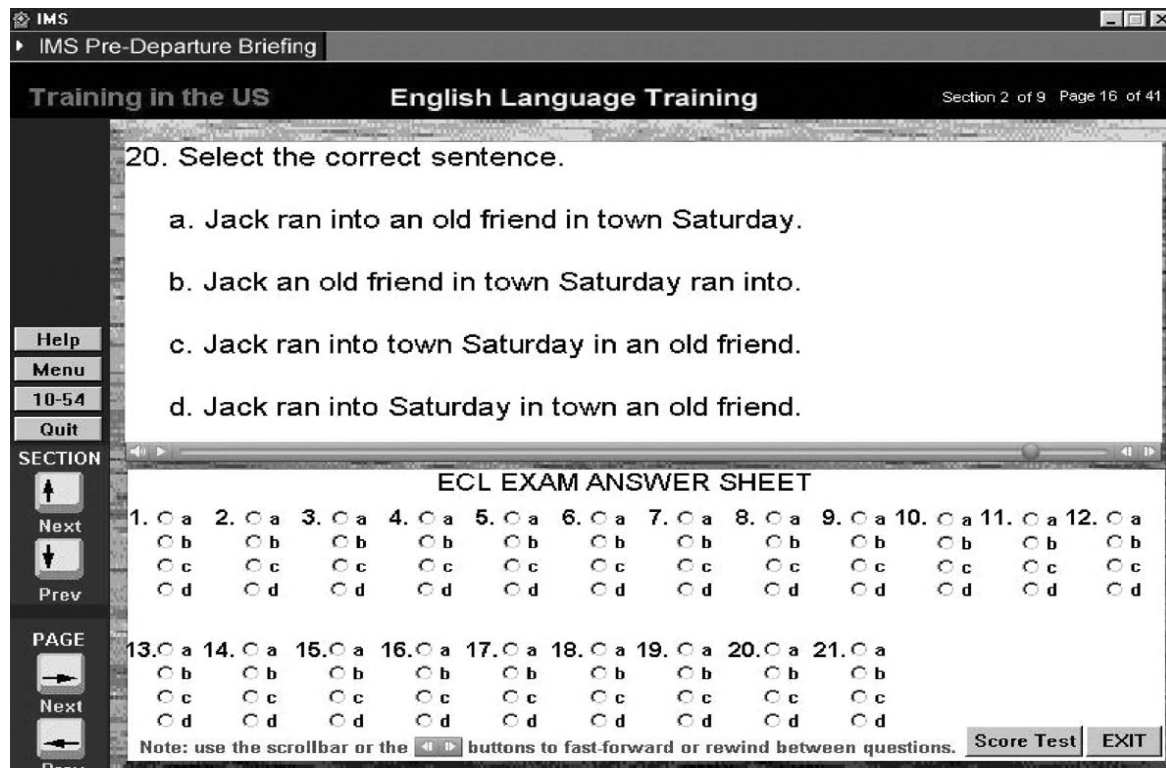
An Interactive Presentation

Presented by Army Major Robert Holzhauer, a DISAM assistant professor, the briefing is essentially a menu-driven collection of QuickTime® movies filmed in locations relevant to the topic at hand (in a bank, a post office, a military clothing store, etc.), each with supporting graphics and sub-titled English narration.)



Many of the movies are supplemented with interactions or links to websites. Students can practice counting U.S. currency, look up current exchange rates, learn more about American culture and society on the web, or locate their destinations in the U.S. on an interactive map. There is a practice ECL test that students can take, and there are numerous side-bar articles and interactive charts, such as a U.S. rank and insignia matrix and lists of U.S. military terms, abbreviations and slang.

Given the nature of the tools and web links in the briefing, IMSOs will find the CD useful for students wanting to know more about the community where they are training, current exchange rates, medical information, and similar information.



SAO Handling and Implementation

Although the basic briefing requirements are covered on the CD-ROM, SAOs are authorized to supplement it with any locally-developed materials. Ideally however, the CD-ROM represents a stand-alone product which relieves the SAO of the burden of additional briefing other than answering student questions. SAOs, IMSOs (who are on distribution for the CD-ROM through their service training organizations), and other users are authorized to download, reproduce, and distribute copies of the CD as local requirements dictate. It is recognized that most SAOs do not have the time or available computer workstations for students to routinely view the CD-ROM from SAO offices. Therefore, the following procedure is suggested, which should be convenient and appropriate for most SAOs:

- The SAO retain two copies of the CD-ROM for occasional in-house use and send four copies to the host nation training point(s) of contact. (Each SAO will receive six copies of the CD from DISAM).

- The SAO coordinates with his host nation counterpart(s) to ensure that each IMS has viewed the CD in host nation facilities (e.g., the language laboratory) before the SAO issues the Invitational Travel Order (ITO).

Further guidance for the SAO is contained in the DISAM memo accompanying the distribution of the CD-ROM.

Designed for the Future

The QuickTime® multimedia player format was chosen because it allows students to easily pause and replay any section of a movie they wish. Additionally, QuickTime® allows for multiple audio and text tracks. Future versions of the briefing could include alternate languages for both audio and sub-titles with little modification to the existing product. QuickTime® movies are also scalable in both size and quality, such that future versions of the product might be re-purposed for 100 percent web delivery.

Hardware/Software Requirements and Installation

The Pre-Departure CD requires a Pentium II or compatible personal computer running at a 233 Mhz or greater, 32Mb RAM, an 8X or faster CD-ROM drive, color monitor capable of 800 x 600 resolution, "SoundBlaster" or compatible 16 bit sound, speakers, Windows 95/98/ME/2000/XP, Internet Explorer 4.0 or greater and QuickTime® version 5 (included on the CD). Two installation options are available:

- Run from the CD-ROM - 8.5 Mb hard drive space required for QuickTime®; program runs entirely from the CD.
- Install to Hard Drive -290 Mb required for QuickTime® and program files; CD not required after installation.

Either option will automatically look for QuickTime® software on the user's system and will attempt to install it if not present (some systems require system administrator privileges to install any software, your IT support personnel can help you if this is the case).

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1. *Joint Security Assistance Training Regulation* (JSAT) AR 12-15/SECNAVINST 4950.4A/AFI 16-105, 5 June 2000.
2. Memo, Defense Security Cooperation Agency, *Pre-Departure Briefing CD-ROM for International Military Students* (DSCA 02-22), 12 June 2002.

About the Author

Richard C. Rempes is an instructor and distance learning developer at the Defense Institute of Security Assistance Management and is the system administrator of the DISAM e-learning site. He is a former U.S. Army Ammunitions Logistics and Quality Assurance Specialist and taught at the US Army Defense Ammunition Center. He is currently pursuing a Masters in e-Education from the University of Phoenix and holds a Bachelor of Applied Arts from Central Michigan University. He can be contacted at (937) 255-3899, DSN 785-3899 or e-mail richard.rempes@disam.dsca.osd.mil.

Foreign Military Sales and the Missile Technology Control Regime: A New Focus For the Future

By

**Lieutenant Colonel Bill Rimpo, USAF
Defense Institute of Security Assistance Management**

June 7, 2009, intermediate ballistic and cruise missiles carrying chemical and biological weapons rain down on the Bandarian capital and Bandarian military bases. The missiles, launched from neighboring Zastavia, shattered Bandaria's infrastructure and military forces. Allied forces were stunned by the swiftness of the attack, in particular the sophistication of the delivery systems. The technological advances Zastavia made in developing weapons of mass destruction and acquiring the capability to deliver such weapons left intelligence services scrambling to uncover the source of Zastavia's rapid advancements.

While this scenario is fictional, in reality there are countries and terrorist organizations that are in full press to acquire weapons of mass destruction along with the delivery systems for those weapons. Foreign sources use a variety of methods, both legal and illegal to acquire the technical knowledge required to develop the sophisticated hardware to conduct such operations as seen in our fictional scenario. To combat the proliferation of weapons, international agreements and treaties are in force to limit the spread of weapons, from conventional to chemical, biological and nuclear, as well as the hardware to deliver these weapons of mass destruction. The Missile Technology Control Regime (MTCR) is one such international agreement.

In April 1987, the G7 nations of Canada, West Germany, France, Italy, Japan, the United Kingdom, and the United States created the Missile Technology Control Regime, which drafted guidelines for the transfer of sensitive missile related hardware and technology. Currently thirty-three nations have agreed to the guidelines of the MTCR. The purpose of the MTCR is to "limit the risks of proliferation of weapons of mass destruction by controlling transfers that could make a contribution to delivery systems for such weapons."¹ These guidelines provide member nations a framework in which to develop national export policy within the laws of each individual nation. The guidelines and the annex provide the framework for a case-by-case consideration of transfers of items contained in the annex, while at the same time not impeding national space programs or international cooperation in space programs.²

The MTCR annex is the heart of the regime. It contains a list of twenty items that are to be considered controlled items and subject to export controls. These twenty items are grouped into two categories: Category I consists of the first two items which are considered the most sensitive and subject to a strong presumption of denial for transfer to foreign governments and entities; Category II consist of the remaining eighteen items and particular restraint will be exercised in considering transfers.

In considering transfers of MTCR items, the guidelines provide criteria to evaluate such transfers:³

- Concerns about the proliferation of weapons of mass destruction;

¹ Missile Technology Control Regime, http://www.state.gov/www/global/arms/treaties/mtrc_anx.html

² Ibid.

³ Ibid.

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- The capabilities and objectives of the missile and space programs of the recipient state;
 - The significance of the transfer in terms of the potential development of delivery systems (other than manned aircraft) for weapons of mass destruction;
 - The assessment of the end-use of the transfers, including the relevant assurances of the recipient states;
 - The applicability of relevant multilateral agreements.

The United States Government has adopted the MTCR guidelines and codified the requirement to apply export controls in the *Arms Export Control Act* (P.L. 90-629) Chapter 7, Control of Missiles and Missile Equipment or Technology.⁴ The *Arms Export Control Act* (AECA) is the legal authority for the sale, lease, financing, and cooperative programs involving defense articles or services as found in the U.S. Munitions List. Controlled items under the MTCR are included in the munitions list and are subject to the same scrutiny as other defense articles. The AECA applies to direct commercial sale as well as foreign military sales and every effort is made to ensure that transfers of technology occur only in the national interest and in concert with U.S. foreign policy. However, there are times when technology is inadvertently released to countries in contradiction to foreign policy.

It is just such inadvertent and illegal releases of tools, materials and know-how that Colonel Craig McLane, Director Weapons Division, Defense Security Cooperation Agency, was referring to in his opening remarks to a recent gathering of specialists from program offices across all three services and other defense agencies, when he explained, “You are here because the Department of Defense has a problem, and we need your help to fix it.”

Colonel McLane is heading DoD’s effort to ensure foreign military sales (FMS) exports comply with the MTCR. The problem he refers to was highlighted by a 1999 Government Accounting Office report to the Chairman, Committee on International Relations, House of Representatives regarding how defense articles and technical information to be delivered under a letter of offer and acceptance are checked for missile technology. As its starting point, the report examined an FMS case which delivered all the machinery and supplies to equip a customer’s co-production factory. Among the many lines of the case were entries for the delivery of tooling and quality assurance equipment. Unbeknownst to both the implementing agency and the Department of State, some of the seemingly innocuous items that were delivered under those lines were, in fact, desperately sought by agents of covert missile development programs. Specifically, they were an automated lathe-like machine for spinning forms out of fiberglass, and a high-power x-ray for checking welds. These items are unclassified, non-sensitive, commercially available industrial equipment but, because they are not commonplace and it is not possible to build long range ballistic missiles without them, they are listed in the MTCR Annex. Unfortunately, the Department of State reviewers familiar with the Annex could not tell that these items were included in the case, while the implementing agency reviewers who were familiar with the case were not aware of the Annex.

In Government Accounting Office discussions with the military departments, it became clear that the problem was unique to FMS and stemmed from confusion over who was responsible for implementing the MTCR. The military departments did not expect their program offices to be familiar with missile technology, and believed that the Department of State was conducting such reviews. The Department of State did not expect its missile experts to be able to extrapolate from

⁴ *Arms Export Control Act* (P.S. 90-629), Section 71, p. 424.

the lines of an LOA the complete list of exports associated with each FMS case, and believed that Department of Defense was conducting the reviews. The Government Accounting Office (GAO) report concluded:

The U.S. government has not established a process for ensuring that certain controlled items are fully and systematically identified when reviewing requests or approving agreements under the FMS program. As a result of weaknesses in the review process, items controlled by an international missile nonproliferation agreement have been transferred under the program without proper review and approval.”⁵

In response to the GAO report critical of the FMS review process, DSCA has taken two steps to address the deficiencies. First, new policy was developed and implemented in the *Security Assistance Management Manual (SAMM)*, DoD 5105.38-M, requiring the System Program Office, Program Manager, or equivalent level office to perform a technical review of each LOA during the development process to identify potential MTCR controlled items.⁶ If potential MTCR controlled items are identified, the MILDEP MTCR point of contact will review the LOA and forward a list of items to DSCA. DSCA will forward this list to the Regional Security and Arms Transfer Directorate, Bureau of Political/Military Affairs, Department of State for vetting of the LOA by the Department of State.

The second action implemented by DSCA is to develop a course for personnel dealing with the development of LOAs and reviewers. The course design promotes awareness throughout the security assistance and acquisition communities of MTCR guidelines.

In October 2002, the Defense Institute of Security Assistance Management (DISAM) will assume responsibility for the development and conduct of the MTCR course. The objective of this course is to familiarize the student with the requirements of the MTCR guidelines, including the annex of controlled items, and the role of the MTCR in the management of security cooperation and/or foreign military sales programs. The curriculum provides an overview of the FMS process, provisions of the MTCR, discussion of the categories of controlled items, roles and responsibilities of Department of State, Commerce and Defense, and the process for reviewing LOAs to ensure accurate MTCR reporting. The course is currently in development and is scheduled to be presented in mid 2003.

For information concerning the MTCR course contact Lieutenant Colonel Rimpo, (937) 255-8187, DSN 785-8187 or e-mail william.rimpo@disam.dsca.osd.mil.

About the Author

Lieutenant Colonel Bill Rimpo is an assistant professor of security assistance management at the Defense Institute of Security Assistance Management. His duties include functional and course coordinator for the International Program Security Requirements Course and Deputy Director, Academic Support. He graduated from the Air Force Institute of Technology with a degree in logistics management in 1986. He served in a variety of operations and maintenance positions in the Inter Continental Ballistic Missile career field as well as logistics plans in Air Force Materiel Command and Defense Logistics Agency.

⁵ *Review Process for Controlled Missile Technology Needs Improvement*, GAO/NSIAD-99-231, September 1999, p 4.

⁶ *Ibid*, p. 15

COMMUNITY

Air Force Security Assistance Center Brings the New Commander On-Line: LOA-Peace Riemer

By

**Forrest “Ed” Smith
Defense Institute of Security Assistance Management**

Brigadier General Jeffrey R. “Jeff” Riemer recently assumed duties as Commander, Air Force Security Assistance Center (AFSAC), Headquarters Air Force Materiel Command (AFMC), Wright-Patterson Air Force Base, Ohio. As AFSAC/CC his organization develops and executes international agreements for foreign military sales programs with totals exceeding \$90 billion that support more than ninety foreign countries and organizations.

To bring Brigadier General Riemer up to speed in the shortest time possible, AFSAC, in combination with a special tutorial at DISAM held earlier, used a unique training exercise. The general traveled the same route as a normal customer’s Letter of Request (LOR). Brigadier General Riemer became LOR-Riemer, then LOA-Peace Riemer, and finally Requisition-Riemer all in a single day. In a matter of hours the AFSAC team simulated just about all transmissions, exchanges of information and numerous taskings that take place by walking BG Riemer from station to station within the AFSAC complex. Dr Ronald Reynolds, Commandant, Defense Institute of Security Assistance Management (DISAM) and Mr. Ed Smith, Associate Professor, DISAM were on site to observe the exercise.



From left to right, Dr. Ron Reynolds, Brigadier General Jeffrey R. Riemer and Mr. Thomas Caudill.

Initially Brigadier General Riemer was magically transformed into an LOR, and then into a request for Letter of Offer and Acceptance Data (LOAD), an LOA (Peace Riemer), and finally a requisition. People involved with the exercise prepared an executive description of what part they would play in the development, implementation, execution, and closure of LOA-Riemer. It must be noted that not every possible scenario associated with a case/line was presented, but enough

scenarios were presented to give Brigadier General Riemer an appreciation of just how convoluted things might get in the LOA development process.

The actual exercise began early in the morning with Mr. Tom Caudill (Director, Case Operations), picking Brigadier General Riemer up at the “Bandarian Border” (i.e., just outside his office). At that point he was magically transformed (with a touch of the wand and some magic dust) into a Letter of Request (LOR) for F-16 support.

Mr. Caudill escorted LOR-Riemer to the Bandarian Command Country Manager (CCM), Mr. John Rodgers. Mr. Rodgers physically “shadowed” the general throughout the day along with the Ms. Bonnie Evans, Case Manager.

Mr. Rodgers began the day’s activities by discussing what data was needed for a valid LOR. Unfortunately LOR-Riemer was invalid necessitating a message back to Bandaria for clarification. Once the updated data was received, it was on to resolve any releasability issues. LOR-Riemer became LOA-Peace Riemer starting with the entry of the LOR information into the Defense Security Assistance Management System (DSAMS). The Customer Request was created and the Case Manager (Bonnie Evans) was tasked to Initialize the Case.



From left to right, John Rodgers, Bonnie Evans, Gary Kite, Brigadier General Riemer and Dr. Ronald Reynolds.

The LOA Preparation Branch headed by Ms. Nancy Donnelly developed the LOA data in conjunction with numerous Air Force Materiel Commands organizations.

Then the final, fully coordinated, LOA-Peace Riemer was electronically transmitted to the Defense Security Cooperation Agency (DSCA) for countersignature. Once approval was granted, the LOA-Peace Riemer was mailed to Bandaria for acceptance which they did!

Once the accepted LOA-Peace Riemer was returned to AFSAC (along with the check to DFAS-AY/DE, of course), Brigadier General Riemer was once again magically transformed into Requisition-Riemer. Once he became a requisition, Brigadier General Riemer was exposed to all the procedures that a requisition might be exposed to. This included interfacing with the various Air Logistics Centers (ALC), the Defense Logistics Agency (DLA), the Worldwide Warehouse Redistribution System (WWRS), and the Parts & Repair Ordering System II (PROS II).

Finally, with all the material delivered and all the services bargained for in LOA-Peace Riemer, all the supply discrepancies resolved, and the financial reconciliation completed, the LOA-Peace Riemer was successfully closed!

DISAM and AFSAC will be working together in the future to facilitate each others training attempting to piggyback on the AFSAC LOA walkthrough process for personnel for whom it would be beneficial, such as Air Force System Program Office (SPO) directors. Additionally, both organizations will collaborate to videotape the process for internal use by both organizations facilitating both newcomers to AFSAC, as well as DISAM instructors teaching subjects related to the FMS logistics process.

About the Author

Forrest “Ed” Smith is currently an Associate Professor of Security Assistance Management, Defense Institute of Security Assistance Management, Wright-Patterson AFB, Ohio. He has an extensive background in security assistance programs and training. He retired from the U.S. Air Force after nearly 38 years of active duty. His last position was Chief, Arabian Programs Branch, Air Force Security Assistance Center (AFSAC) at Wright-Patterson AFB, Ohio. Upon transitioning from the USAF, he was a Logistics Analyst for the Defense Security Assistance Management System (DSAMS) Training and Field Support Team with Information Spectrum, Inc. of Annandale, Virginia.



The Defense Institute of Security Assistance Management Celebrates its 25th Anniversary and the Grand Opening of Its New Facilities

By

**Lieutenant Dana Clay, USN
Defense Institute of Security Assistance Management**

On 27 August 2002, the Defense Institute of Security Assistance Management (DISAM) celebrated its twenty-fifth anniversary with a formal ribbon cutting ceremony of its new facilities. Presiding over the ceremony was Lieutenant General Tome Walters, USAF, Director, Defense Security Cooperation Agency. Guests included representatives from other military departments, including Gibson LeBouef, Deputy Director, Navy International Programs Office and John Baer, Director, Army Security Assistance Training Field Activity. The Department of Defense was also represented with Dr. Jerome Smith, Chancellor for Education and Professional Development as well as Commander Rick Bagley, USN, Deputy Director, Defense Institute of International Legal Studies. Colonel Michael Belzil, USAF 88th Air Base Wing Commander, was also among the honored guests in attendance. DISAM was also honored to be able to host a wide representation



from the various base support service organizations upon which it heavily relies, as well as a large number of Foreign Liaison Officers from the Air Force Security Assistance Center. The building renovation architect, Tom Ovington from Barge Waggoner Sumner and Cannon, Inc. was also in attendance.



New student lounge.

DISAM has its roots in a number of studies completed in the mid-1970s. As a result of the studies, it was determined that there was a need for the U.S. government to improve its process for transferring defense articles and services to other countries, a program also known as security assistance. It was also determined that an institute should be established that would be dedicated to bringing about such improvements. In 1976, Wright-Patterson Air Force Base was selected as the site for the institute and the Department of the Air Force was designated as the executive agency. In accordance with a Department of Defense Directive, DISAM was founded to serve as the centralized Department of Defense institute for the consolidated professional education of personnel involved in security assistance management, armaments cooperation, and associated programs.

A pilot course was conducted in February 1977, and in October 1978, the Conus and Overseas Courses were formally scheduled, serving as a foundation for all current DISAM courses. On 1 October, 1998, DISAM was officially transferred to the Defense Security Cooperation Agency and became a directorate of DSCA. In September 2001, DISAM was fully accredited by the Council on Occupational Education.

DISAM provides both in-resident and non-resident courses. In-resident courses have graduated over 36,000 students in the last twenty-five years. An additional 10,000 students have graduated from mobile training teams, on-site courses, and distance learning courses. Of the nearly 50,000 students who have graduated from DISAM courses, nearly 4,000 have been international students from 159 countries. This is a significant accomplishment and demonstrates the impact DISAM has worldwide on the U.S. government's international programs.

DISAM began the training process in Building 288 in 1977 in Area A at Wright-Patterson AFB. In October 1978 the institute moved to Building 125. The 37,000 square feet allocated to the institute in the new building allowed DISAM to better provide a facility that met the educational requirements of personnel working in the security assistance community. The new home, Building 52, with about 40,000 square feet, has a more advanced computer/LAN internet capability, advanced library services, and improved video teleconferencing connectivity that will serve the security assistance community for many years to come.



New computer lab.

Currently, eighteen separate courses are taught by the DISAM faculty, some of which focus on the needs of specific organizations and missions. Others have more fixed curricula, but are continuously updated and tailored to meet customer's needs.



New library.

DISAM often employs the use of guest speakers as adjunct faculty members or part-time instructors in its courses. Many guest speakers are government employees with specific areas of expertise, but there are also a full range of non-governmental specialists and consultants. In all cases, these are subject matter experts who provide the students the most up-to-date information.

With the addition of the new facility and twenty-five years of institutional experience and over 350 years of practical and teaching experience among the faculty, DISAM looks forward to providing ever improving education and services for the entire security assistance community. The current facility is nominated for the 2003 United States Air Force Design Award, and to paraphrase Lieutenant General Walters, will serve DISAM well for the next twenty-five years.

About the Author

Lieutenant Dana S. Clay is a Navy Surface Warfare Officer and has been assigned to the Defense Institute of Security Assistance Management since 2000. In addition to being an Assistant Professor of Security Assistance Management, she is also the Anti-Terrorism/Force Protection functional coordinator. She holds a Bachelor of Science degree in marine engineering from the U.S. Merchant Marine Academy and is working on a Masters in Business Administration from the University of Phoenix.

RESEARCH AND CONSULTATION

Is there a security assistance procedure, requirement and/or program guidance which is (or has been) presenting a significant problem in accomplishing your security assistance function? If so, DISAM would like to know about it. If you have a specific question, we will try to get you an answer. If it is a suggestion in an area worthy of additional research, we will submit it for such research. If it is a problem you have already solved, we would also like to hear about it. In all of the above cases, DISAM will use your inputs to maintain a current “real world” curriculum and work with you in improving security assistance management.

Please submit pertinent questions and/or comments by completing the remainder of this sheet and returning it to:

DISAM/DR
Building 52, 2475 K Street
Wright-Patterson AFB, Ohio 45433-7641

Data Facsimile Number: DSN 986-4685 or
Commercial: (937) 656-4685
Internet: research@disam.dsca.osd.mil.

1. Question/Comment: (Continue on reverse side of this page if required.)

2. Any Pertinent References/Sources:

3. Contact Information:_____

Name _____

Address _____

Telephone Number _____

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4. Additional Background Information: _____

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